FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,941 Friday May 30 1986 D 8523 B

Impeccable timing

Daimler-Benz takes a new road, Page 14

Business summary

EEC may set rules on food safety

THE EEC is likely to replace a specific ban on food imports from Eastern Europe with a general ban on all food imports that show traces of radioactivity above a common safety level.

Only Greece was standing out against a common safety level last night, on the ground that the standards acceptable to the other 11 EEC members were too strict.

Controls imposed on food imports from the Soviet Union and other Eastern bloc countries after last month's disaster at the Chernobyl nuclear reactor are due to expire tomorrow and a new system is thought necessary. Page 3

Nuclear safety talks

More than 50 countries will attend a ministerial-level conference in Vienna in September to discuss ways of making nuclear power safer, West German Interior Minister Friedrich Zimmermann said.

Chernobyl toll rises

Death toll from the Chernobyl nuclear disaster has risen to 21, including 11 people who received bone-marrow transplants, Yevgeny Chazov, a leading Soviet surgeon, said. Meanwhile, the official Novosti newsagency said 80 people hospitalised after the accident were now dangerously ill.

Libyans to go

Twelve Libyans, including owners and employees of Libyan-owned businesses in Rome, have been told to leave Italy because they are considered "undesirable."

Students shot dead

Police shot dead two students and wounded others in the northern Nigerian city of Kaduna, during campus protests at a government ban on demonstrations. Page 5

Ariane launch

European Ariane-2 rocket is due to blast off from French Guiana today to put a telecommunications satellite into orbit. An unmanned prototype of a new generation of Soviet Soyuz spacecraft separated from the mir space station after orbiting it for six days.

Flights cancelled

Spain's domestic carrier Aviaco has cancelled 130 flights over the next three days because of a strike called by pilots for today and tomorrow.

French rail strike

French railway officials have forecast serious rail disruptions throughout the country today because of a 24-hour strike by train conductors and other rail workers, called to protest against planned job cuts.

Kyprianou 'improving'

Cypriot President Spyros Kyprianou, 54, who entered hospital on Wednesday because of a mild heart condition, was said by government officials to be showing improvement.

Embezzlement trial

West German tax collector Henri Karl Kleinworth, 27, went on trial in Hamburg accused of making himself a millionaire by embezzling other people's tax refunds.

Palme murder theory

Stockholm's Police Commissioner Hans Holmer said detectives investigating the assassination three months ago of Prime Minister Olof Palme had largely discarded the theory that the killing was the work of terrorists.

N. Ireland poll

Only 26 per cent of mainland Britons want Northern Ireland to remain in the United Kingdom, according to a Gallup poll conducted for the BBC.

Leading indicators up 1.5% in US

US INDEX of leading indicators rose 1.5 per cent in April, strongest in a string of recent gains. It will reinforce expectations that growth will strengthen in the second half. Page 6

DOLLAR rose in London to DM 2.3095 (DM 2.2755); FFr 7.3375 (FFr 7.2375). SFr 1.9075 (SFr 1.8830); and Y171.70 (Y168.90). On Bank of England figures the dollar's index rose to 117.2 (116.6). Page 41

STERLING fell 1.65c in London to $1.4915. It rose to DM 3.4375 (DM 3.425); FFr 10.945 (FFr 10.9); SFr 2.845 (SFr 2.8275) and to Y256 (Y253.75). The pound's exchange-rate index rose 76.5 (76.3). Page 41

WALL STREET: By 3pm, the Dow Jones industrial average was down 6.03 at 1872.25. Page 48

LONDON: Equities moved lower on fears of further fund-raising proposals. The drain on market resources also restrained interest in gilt-edged securities. The FT ordinary share index closed 11.6 down at 1,326.8 and the FT-SE 100 lost 15.8 to close at 1609.0. Page 48.

TOKYO: Prices soared to yet another record. The Nikkei market average put on 57.22 to 16,610.61. Page 48

GOLD rose $0.75 to $343.50 on the London bullion market. It fell in Zurich to $342.60 ($343.50). In New York, the Comex June settlement was $343.60. Page 40

POLAND could theoretically borrow a total of up to $3bn from the International Monetary Fund, into which it was finally voted this week. Page 24

INSTITUTO Nacional de Industria, Spanish public-sector holding company, announced reduced losses in 1985 and a positive cash flow for the first time since 1978. Page 25

SAATCHI & SAATCHI, world's largest advertising agency, reported interim pre-tax profits of £25.95m ($38.9m) against £15.51m. Lex, Page 24; Details, Page 29

BOOTS the Chemist of the UK lifted taxable profits 10.8 per cent to £210.4m ($315.6m) for 1985-86. Property sales produced a higher-than-expected surplus. Lex, Page 24; Details, Page 29

COURTAULDS: Directors of the UK textiles group are recommending a 30 per cent dividend increase on the strength of an 11 per cent rise in full-year taxable profits to £143m ($214m). Lex, Page 24; Details, Page 29

RENAULT, French state-owned car group, is in advanced negotiations with Hoechst to link up its paint manufacturing activities with the West German chemicals producer. Page 25

JAPAN Air Lines attributed losses in the year ended last March to a drop in business after the crash of the JAL Boeing 747 in which 520 people died. Page 26

LIFFE: London International Financial Futures Exchange plans a further step towards round-the-clock trading of financial futures contracts through a link with the Sydney Futures Exchange. Page 25

GERRARD & NATIONAL, UK's biggest discount house, plans to raise £22m ($33m) through a rights issue to fund expansion. After-tax profits last year almost doubled to £10.1m. Page 29

PACIFIC LIGHTING, Californian utility that launched a diversification programme two years ago, has reached agreement to acquire Thrifty, a retail drug and discount store chain, in a share exchange deal worth $886m. Page 25

CGE, French nationalised electronics, engineering and telecommunications group, reported an almost 50 per cent rise in consolidated net group earnings last year to FFr 1.185bn ($163m). Page 25

COMPAGNIE Financière de Suez, French nationalised holding company, said uncertainty over the future leadership of the group was starting to unsettle its business. Page 25

Reagan shifts trade gap focus from $ to world 'imbalance'

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan yesterday hinted strongly that the US was happy with the current level of the dollar, but he placed new emphasis on the need for faster global economic growth in order to bring down the $150bn US trade deficit.

In what was billed as a major trade-policy address, Mr Reagan lashed out at the rival Democratic Party's trade reform bill, which passed the House of Representatives last week, describing it as "kamikaze legislation" that might take American jobs "down in flames." He also took credit for the new impetus behind tax-reform legislation in Congress.

President Reagan's remarks helped to strengthen the dollar, which had already risen in the wake of the publication of better US trading economic indicators than expected. It rose nearly Y3 to close in London at Y171.7, and gained 2½ pfennigs against the D-Mark to close at DM 2.3045. Sterling fell more than 1 cent to $1.4915, but gained against European currencies.

The White House is determined to fight Democratic efforts to make the Administration's trade policy a key issue in November's crucial mid-term elections. Mr Reagan gave a warning yesterday that he would veto a trade bill similar to the one approved by the Democrat-controlled House.

In striking contrast to his trade-policy statement last September after the Group of Five leading industrial countries had agreed to work together to engineer a fall in the dollar, Mr Reagan yesterday claimed that "we have corrected [one of] the underlying reasons for the imbalance in world trade ... the dollar is now at a more competitive level with foreign currencies and that means increasing American exports."

He focused attention instead on what he identified as "the second important reason for the imbalance in trade ... the basic imbalance in the world economy."

Mr Reagan studiously avoided any reference to the federal budget deficit, which a White House official separately projected as likely this year to approach the 1985 level of $212bn. The President painted a picture of a US economy "blazing a trail towards the future" and growing vigorously in response to Administration policies that have "cut tax rates and regulations, controlled spending and squashed inflation."

"But the world is not growing along with us," Mr Reagan said. "Burdened by tariffs, quotas, oversized governments and marginal tax rates as high as 80 per cent, economies in Europe, Africa and Latin America have stagnated, even declined. With incomes falling and unemployment high, they can no longer afford to buy our products."

Mr Reagan's strong reaffirmation of his commitment to the principle of free trade yesterday will be seen abroad as a reassuring, although particularly one-sided, interpretation of the present state of international trade policy. It follows by only a week his call for international quotas on machine-tool exports to the US. He claimed that the US was already aggressively fighting unfair foreign trade practices, confident that "given a level playing field, Americans can outproduce and outcompete anyone, anywhere on earth."

He continued, however: "We will not seek false security behind restrictive quotas and import duties."

Mr Reagan claimed that his Administration had been more aggressive than its predecessors in fighting foreign unfair trade practices

US leading indicators, Page 6; Japan-US chip talks; Gatt meeting, Page 7; Currencies, Page 41

Oil price fall 'likely to spur 3% growth'

BY DAVID MARSH IN PARIS

THE FALL in international oil prices is likely to push growth in industrialised countries up to more than 3 per cent a year over the next 18 months and help to bring a further fall in inflation, according to the Organisation for Economic Co-operation and Development.

The OECD Secretariat says cheaper oil, combined with the fall in interest rates and the dollar over the past six months, has given the industrialised economies the chance to "change gear" and to move into a new period of smoother, prolonged growth.

However, in its six-monthly report on the economic outlook, published today, the OECD warns that, even after several years of recovery, unemployment rates in the leading countries will remain at their present "unacceptably high" levels during the next 18 months.

The OECD also points out that the risks overhanging the world economy might make the present improved picture "short-lived." Although it believes the down slide risks have diminished significantly in the last six months, large international current-account imbalances, the deteriorating financial position of indebted developing countries, protectionist pressures and uncertainties over a future rebound in the oil price all pose potential threats.

Mr David Henderson, head of the OECD's economic and statistics department, said the stronger growth pattern was likely to be maintained despite some weakening in leading economies in the first quarter. He suggested that some of the negative effects of the oil-price fall – for instance, on companies in the energy sector– may have shown up before the positive consequences on consumers and investors had time to work through.

Real growth in the 24-nation OECD is projected at 3 per cent this year and 3.25 per cent in 1987, against 2.4 per cent in 1985. That is higher than the OECD's previous forecasts published last December, which said that growth over the next 18 months would be between 2.5 and 3 per cent.

Domestic demand in OECD countries has been directly boosted by falling prices of oil and other raw materials and is now expected to rise by 3.5 per cent this year, compared with only 2.75 per cent forecast last December, and 3.25 per cent next year.

Inflation, already at the lowest since the early 1960s in most OECD countries, is forecast to average 3.5 per cent this year throughout the

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Details, Page 4; Editorial comment, Page 22

ITT sells holding in Abbey Life for £275m

By Eric Short in London and Paul Taylor in New York

ITT, the New York-based multinational, yesterday sold its remaining 51.8 per cent holding in Abbey Life Group, the UK life and financial services company, for £275m ($412.5m).

The 145m shares were placed with institutions by S.G. Warburg, Baring Brothers and Lazard Brothers at 190p a share.

Abbey Life, Britain's second-largest linked-life group, was brought to the market in June last year when ITT arranged a public flotation of 135m shares, representing 48.2 per cent of the equity. In the prospectus, ITT said it would not sell more shares within a year.

Ahead of that deadline, market speculation over ITT's intentions has mounted. There have been suggestions the US group might sell out to a single buyer, given the interest of US and other overseas financial institutions in entering the UK life assurance market.

However, ITT's financial adviser, S.G. Warburg, said that while the US group would have been willing to pass control of Abbey Life to a single buyer, such an approach had not been received. Instead, a placing had been decided on, timed to coincide with Abbey Life's annual meeting. That was to avoid confusion at the meeting over ITT's intentions.

Warburg said it had considered a further public offering, but had decided that the delay, while a prospectus was being prepared, would have added to market uncertainty. Such an offering would also have been unlikely to have obtained a better price overall.

ITT said the sale was a further step in its extensive restructuring and redeployment programme. It would bring the proceeds of its asset disposals since the beginning of last year to $1.9bn. The programme aims to reduce the company's debt and focus its operations on the three core businesses of telecommunications, high-technology manufacturing and hotel and financial services.

The sale will bring a $55m gain to ITT's second-quarter earnings. The company indicated that the sale proceeds were likely to be used further to reduce debt and strengthen the capital base of Hartford, its US insurance subsidiary. The US group said it did not intend selling its remaining European insurance operations, which include Britain's Excess insurance group.

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Nato allies campaign to oppose US Salt 2 plan

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN HALIFAX, NOVA SCOTIA

AMERICA'S Nato allies yesterday launched a campaign to dissuade the US Administration from exceeding the restrictions under the 1979 Strategic Arms Limitation Treaty (Salt 2), a move foreshadowed by President Ronald Reagan last Tuesday.

The allies' concern was voiced at a two-day meeting of the alliance's ministerial council, which began in Halifax, Nova Scotia, yesterday. At a dinner on the eve of the meeting, the foreign ministers of the three Second World War allies – the US, Britain and France – who share with the Soviet Union responsibility for Berlin, also agreed to deliver a stiff diplomatic protest to Moscow against the restrictions imposed by East Germany on Western diplomats travelling from East to West Berlin.

The simmering disagreement between the US and its allies over Salt 2 overshadowed the early stages of a conference at which the whole series of East-West disarmament negotiations is being reviewed.

Virtually all the participants were expected to impress on Mr George Shultz, the US Secretary of State, the risks for East-West relations in general, and the Geneva nuclear arms control talks in particular, that would be run if President Reagan were to carry out his threat.

Mr Reagan has told Moscow that Washington could no longer continue to subscribe to what he has called the "fatally flawed" Salt 2 treaty, which has never been ratified by the US Senate and which the Soviet Union, according to Washington, has not ceased to violate.

Mr Reagan, however, gave the Soviet Union a breathing space to mend its ways by announcing that the US would not exceed the Treaty limits until the autumn at the earliest. Meanwhile, Washington would dismantle two obsolete Poseidon submarines to keep the US within the treaty limits, after the beginning of sea trials of a new Trident submarine, the Nevada, earlier this week.

Although the US's sceptical attitude towards the Salt 2 treaty has been the subject of debate at previous Nato ministerial meetings, this is the first time that Mr Reagan has announced his policy on the subject before, rather than after consultations within the Alliance's Council.

Sir Geoffrey Howe, the British Foreign Secretary, who saw Mr Shultz in Washington before the Halifax meeting, is only one of the Nato foreign ministers to have expressed anxiety on the subject. Mr Joe Clark, the Canadian Minister of External Affairs, said in his opening statement yesterday that the US intention to exceed the treaty limits was "a profundly disturbing development, and one we hoped could have been avoided."

On Berlin, however, there appears to be complete allied unity. The US, Britain and France agreed that Mr Richard Burt, the US Ambassador to Bonn, would deliver a sharp allied note to the Soviet ambassador in East Berlin to protest at the East German restrictions on the movement of Western diplomats between the two parts of the city.

Foreign selling hits Milan bourse

By Alan Friedman in Milan and Paul Hannon in London

THE MILAN BOURSE tumbled a further 10 per cent yesterday as foreign, particularly UK, institutional investors began to sell heavily.

The market has declined by nearly 20 per cent so far this week in one of the largest technical corrections the Italian bourse has suffered in the current bull run.

London based fund managers, who have been long participants of the Italian market, were particularly active yesterday.

"The market will fall a lot further" says Mr Roger Hornett, of London brokers James Capel. "It is still massively overbought and investors were basically looking for an excuse to trigger the long overdue technical correction."

He said that rumours of a new capital gains tax on stockmarket profits had provided the trigger for the heavy selling.

Government officials have said privately, however, that no such tax was imminent.

Capel's is now strongly advising its clients to sell and not bother about returning to the market until it falls at least another 15 per cent.

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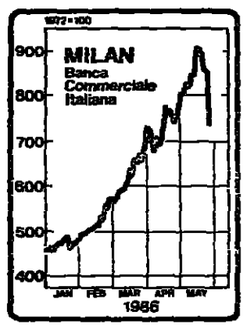

Ferruzzi lifts stake in British Sugar parent group to 23%

BY ANDREW GOWERS IN LONDON

FERRUZZI, the Ravenna-based food and agriculture group, Italy's third-largest private-sector company, yesterday signalled its interest in re-entering the bidding for British Sugar, the UK beet processing monopoly, by building up a 23.7 per cent stake in BSC's parent, S. & W. Berisford.

It bought a 14.7 per cent holding in Berisford, the commodity trading and processing group, from Hillsdown Holdings, the UK food and furniture manufacturer, to supplement its existing 9 per cent stake. At the same time, Hillsdown announced that it was bowing out of the battle to obtain control of Berisford after the reference of its bid and of a rival conditional offer by Tate & Lyle, the sugar refiner, to Britain's Monopolies and Mergers Commission last week.

Barclays Merchant Bank, acting for Ferruzzi, said it contacted the Office of Fair Trading yesterday with a view to discussing the Italian group's stake, which is large enough to warrant investigation in its own right by the commission.

Ferruzzi, which sparked off the bidding for Berisford in February, is widely believed to be interested once again in mounting a full offer for the company, although it declined to comment yesterday beyond saying that Hillsdown's withdrawal offered "new and unexpected opportunities."

Barclays said, however: "We would be foolish to mount a full bid and go to all that expense if we can be investigated on the basis of our current holding ... We fully expect that's what [the authorities] are going to do."

The re-emergence of the Italian group as a potential bidder injects a fresh element of controversy into the commission's examination of the UK sugar market. Both Ferruzzi and Tate have held talks with Berisford with a view to acquiring British Sugar and selling the group's core commodity business back to senior Berisford management.

Ferruzzi already controls substantial sugar interests in Italy and France, and the addition of British Sugar would give it 22.5 per cent of the total EEC production quota. If Tate acquired British Sugar, it would control about 94 per cent of the UK sugar market and 18 per cent of EEC production.

Hillsdown has been deterred from continuing its own pursuit of Berisford by the prospect of a

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David White reports from Seville on the opening shots in the poll campaign

Socialists race themselves and their rivals

IT IS symptomatic of the Socialist Party's dilemma that in Seville, the Andalucian capital and home base of Mr Felipe Gonzalez, the Spanish Prime Minister, the campaign for the June 22 general election should begin on a long holiday weekend.

Here, in their strongest region, some Socialist Party members seem more worried about missing World Cup football ties in the next three weeks—the official canvassing period, starting tomorrow coincides with all the matches from the first round to the quarter-finals—than about losing votes.

Andalucia is where the Socialists began their sweeping rise to power in regional elections four years ago. The continuing obedience of Mr Gonzalez's southern electorate was amply demonstrated by a big "yes" vote in the referendum which the Government held in March on its decision to remain in Nato.

But the region also presents the Socialists with an acute example of the dilemma they face nationwide: they did too well the last time around and have to run not just against the competition, but against their own ballot-box record.

Mr Gonzalez's decision to bring forward the general elections from October for reasons of opportunism and smoother economic management means that they will coincide with the ballot to renew Andalucia's regional parliament. A second, regional campaign begins officially a week after the first one, but in fact the two will be indistinguishable.

Mr Gonzalez: starting from his home base.

In 1982 the Socialists claimed 66 of the 109 seats in the whitewashed former theatre and one-time church that houses the Saville parliament. They went on to fill 33 of the 45 place which Andalucia has in the congress in Madrid.

"We realise that the bar is set very high, and that we cannot easily stay at that level," admits Mr Jose Miguel Salinas, number two and economy chief in the regional government.

Both here and in the country as a whole, the ruling party says its main enemy is the potential increase in abstention. The centre hopes to regain territory, but in Andalucia this segment is being contested by three parties. The right, Mr Salinas says, has not found much fertile ground, but on the other hand, the Socialists appear more concerned here than elsewhere about a possible advance to their left.

United Left, the new alliance between the Communist Party and other left-wing groups which fought against the Government over Nato, was the first party to get its posters up. On a national level, caught short by the early election date, the members have had to patch the alliance together at the last minute, and in most places appear anything but united.

But in Andalucia they have been working on a joint platform for 18 months rallying behind the candidacy of Mr Julio Anguita, the man nicknamed "the red caliph of Cordoba."

The most charismatic figure in the younger generation of Spanish Communists, a maverick in the party and twice Mayor of Cordoba, the 44-year-old Mr Anguita sees Andalucia as the main strength of the new alliance. He hopes to make it into the second political force in the region and is ready to spend another four or five years building it up.

In the offices of the regional government, Mr Salinas rejects the idea that the left-wing electorate is disappointed with Socialism. He says Andalucia has felt the benefits of government sepnding in the past few years and promises to be the Spanish region most favoured by EEC membership.

"What has happened between 1982 and now is a certain loss of political ingenuousness," he says. "People thought then that the Socialists could accelerate the rhythm of change. Now nobody expects miracles."

The local government is none the less in a hurry to push through land reform measures, one of the few programmes of radical hue to be carried out by the Spanish Socialists. The reform, which responds to an old demand of the left throughout the south, involves no more than the compulsory rental of some badly-farmed land, and has in any case been held up by the courts.

Opponents have it that Mr Gonzalez brought the general elections forward partly to avoid the repercussions of a loss of face in Andalucia. But Socialist leaders say it was rather to avoid subjecting the country to a prolonged electoral period, and to get on instead with the business of government.

Under the slogan "On a good path," the Socialists' national platform is based on the theme of continuing the job after four years of groundwork. Arguing that Spain no longer faces political or economic problems of

SPANISH ELECTIONS

the same urgency or gravity as when they came to power, their programme is largely taken up with the need to modernise, to absorb new technology and adapt to the international environment.

The only question is whether the Socialists, who held 202 of the 350 seats in the last parliament, can keep an absolute majority. Even if they lose outright control of parliament, the prospect of a non-socialist coalition, as proposed by the conservative Popular Alliance, being able to govern the country, is to say the least remote.

Mr Alfonso Guerra, deputy Prime Minister and the Socialists' chief campaign manager, is standing again as their top-of-the-list candidate in Seville, where he keeps a close eye on the party's affairs. He does not sound like a worried man. "I do not sleep much," he says, "but when I sleep, I sleep well."

Greece struggles to stabilise its wayward economy

BY ANDRIANA IERODIACONOU IN ATHENS

GLEEFUL OWNERS of Athenian electrical goods shops are counting their profits as the impending kick-off in the Mexico World Cup triggers a rush to buy expensive imported colour television sets.

But the traders' happiness is counterbalanced by the gloom of Greek economic planners. Stubbornly high levels of imports and private consumption remain the number one threat to the two year economic stabilisation programme introduced last October to reduce high inflation and external and domestic deficit.

Measures taken included a 15 per cent devaluation of the drachma, an import deposit scheme affecting about one-third of the products entering Greece and a virtual standstill in wages and salaries.

The Government has set a target of a 16 per cent inflation rate, a current account deficit of $1.7bn and a net public sector borrowing requirement of 13 per cent of gross domestic product by the end of 1986. In 1985 the annual inflation rate reached 25 per cent, the current account deficit rose to a record $3.2bn and net borrowing increased to 18 per cent of GDP.

In the view of Economy Ministry officials, the targets can be met. Inflation in the first four months stood at 6.4 per cent and the January to March current account deficit fell to $874m from $1.1bn in the same period last year.

The overall budget deficit in the first three months of 1986 fell to Dr 54bn (£256m) compared with Dr 86bn in the same period in 1985, according to Finance Ministry figures.

Critics argue, however, that the Government is achieving the right results for the wrong reasons, and that the improved figures owe less to the stabilisation measures than to external factors not foreseen last October.

The most important is the fall in oil prices which accounted for a $212m saving on the current account from January to March and which the authorities calculate may save Greece about $1.2bn over the year, assuming a price of $15 a barrel.

Independent analysts estimate the saving at closer to $650m and point out that the stabilisation regime has not yet hit home on imports and consumption. The value of imports stayed at a high $2.5bn for the first three months of 1986 compared with $2.6bn for the same period last year.

Private consumption as measured by the volume of retail sales actually went up by 0.6 per cent between January and March this year compared with a drop of 4 per cent in the same period in 1985. Consumers are spending their savings, leading to a 3.3 per cent decline in private deposits in January and February 1986. This is generating a liquidity squeeze which according to the Economy Ministry "makes it difficult to implement this year's monetary and credit programme."

Government economists say they expect the stabilisation measures to start biting later in the year. They accept the argument made by the Bank of Greece in its latest report on the economy, that because of unforeseen bonuses such as the fall in oil prices, the Government should do better than its original targets.

This positive effect may not however become evident until the end of 1987, the second year of the stabilisation regime. According to Mr Costas Simitis, the Economy Minister, "we are neither pessimistic nor optimistic, we are trying to be consistent. Some things are going well, others need watching."

Car makers' selling tactics under fire

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN GENEVA

SCATHING criticism of the manufacturers' latest tactic in Britain's car wars—the provision of subsidised finance—was voiced yesterday by Mr Don McCrickard, managing director in United Dominion's Trust.

From the viewpoint of his group, which owns one of the UK's largest providers of point-of-sale car finance, the Swan National car rental company and one of the top 10 motor retailers, he could suggest manufacturers had already put considerable pressure on dealers' profits by heavy discounting and disorderly marketing.

Not content with this the manufacturers through their own finance subsidiaries are now discounting even further by offering bargain basement finance terms involving low or no deposits, repayments over extended periods, and heavily subsidised interest rates.

"By way of example, the going (interest) rate from Ford in the UK is 4.9 per cent when the market would normally suggest double that."

This was a classic example of apparent short-term gain at the expense of longer term prosperity, said Mr McCrickard. The manufacturers' blatant disregard for dealer profitability would accelerate the demise of their networks currently contracting at the rate of 5-6 per cent a year in the UK.

Mr McCrickard suggested car buyers in Britain are being encouraged to believe that low or no interest rate deals are the norm. But they still want big discounts and the best possible trade-in terms for their old cars.

"It is at this point the manufacturer discovers he is going full circle: low interest has become a less effective sales tool, it is still costing money, his product has been devalued, yet he is not gaining market share."

In all this the dealer was simply a pawn in the game of market share and, like all pawns, he is dispensable."

In the US car buyers were paying at least $4.5bn (£2.98bn) a year extra because of the restriction on Japanese car imports, according to Mr Robert McElwaine, president of the American International Automobile Dealers.

New car sales were being depressed as a result. Using standard criteria, more than 12m new cars should have sold last year in the US. Instead, the industry achieved 11m and hoped for similar levels in 1986.

"The controls on Japanese automobiles are having an effect on the social and economic fabric of the US far beyond what anyone could possibly have had in mind when the seemingly simple restrictions (on Japanese car imports) were first put into place," he added.

Mr McElwaine said the claimed $1,500 cost advantage the Japanese manufacturers held over their US rivals had been eliminated by the fall in the value of the dollar. "It is time the quotas ended and we went back to a free market."

Mr McElwaine predicted major changes in US car retailing are on the way. Single franchise dealers would rapidly be supplanted by multiple-franchise dealers, sometimes offering as many as seven or eight different makes in separate showrooms under one roof. Tomorrow's dealerships will employ from 100 to 200

FINANCIAL TIMES CONFERENCE

World Motor Industry

people: they will have land costs approaching $100 a foot; and annual lease costs of $500,000 and more. They will have payrolls of $2m-$3m. They must generate profits in great volume or go under."

Mr Martin Swig, president San Francisco Auto Center, the pioneer of the multi-franchise system, said he had been forced to consider the new style because of high land costs in San Francisco.

He explained that three years ago he brought together under one roof his six car retail franchises, previously scattered around the city. In the past year in the old facilities he sold 3,000 new cars. In the first full year at the new facility 4,800 new cars were sold, representing about half of all new car sales in San Francisco. This year his center will sell between 6,500 and 7,000 cars in spite of the limitations on Japanese car imports. The potential, he said, is 8,000-10,000 cars a year.

Mr Hanns Glatz, secretary general of CLCA (Comnite de Liaison de la Construction Automobile) pointed out that if mega-dealers selling 5,000 cars a year each were to dominate the European community, in theory the numbers of main dealers would shrink from 35,000 to 2,500—which obviously was not possible.

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EUROPEAN NEWS

Industry and unions square off in Sweden

By Kevin Done, Nordic Correspondent in Stockholm

THE DANGER of widespread labour conflict in Swedish industry increased yesterday when the LO blue collar union confederation banned overtime by all its 700,000 members in the private sector from next Friday.

The risk of unrest emerged at the beginning of the week, when pay talks in the all-important engineering industry broke down. Metall, the powerful engineering union, threatened to take 17,000 of its members out on strike from next Tuesday.

The selective strikes, which are aimed at vulnerable points in the production chain at 19 large Swedish export corporations such as Volvo, Saab-Scania, Ericsson, Asea and Alfa-Laval, would quickly have closed down a large part of the Swedish engineering industry which accounts for some 45 per cent of industrial production and close to half of the country's exports.

The VF engineering employers' federation replied with a threat to lock out more than 180,000 engineering workers from midnight on Tuesday.

As the threats escalated, Metall yesterday sought support from the other Lo unions in the private sector, a move which resulted in Lo issuing a general overtime ban for 700,000 workers in the private sector from June 6.

In their turn the engineering employers have sought support from other industrial sectors. Yesterday afternoon, SAF, the main employers' federation, agreed to lock out up to 5,000 engineering workers in other sectors of industry, such as iron and steel, welding and car servicing.

For the moment the SAF lockout would be aimed only at members of the engineering workers union, but the federation said yesterday that it could be widened if the overtime ban actually came into force.

A mediator appointed by the Government has so far taken no action to persuade the two sides to postpone their actions.

Meanwhile, limited industrial disruption continues in the public sector with a selective strike in the health service by several thousand doctors, dentists, social workers and other university-qualified local authority staff.

This dispute could worsen next week when the state has threatened to lock out around 35,000 teachers from Tuesday. This threat has already caused widespread unrest in schools, with wildcat strikes by teachers and sit-ins and protests by pupils concerned that they will not receive any final marks in their school-leaving examinations.

● The Swedish current account of the balance of payments showed a surplus of SKr 2.9bn (£268m) in the first quarter of 1986, a big improvement over the position a year ago when the current account showed a deficit of SKr 8.2bn.

In March alone the current account was SKr 2.2bn in surplus compared with a deficit of SKr 2.2bn a year earlier.

Consumer price inflation fell to 3.7 per cent in mid-May compared with a year ago

Chirac wields the guillotine again in National Assembly

BY DAVID HOUSEGO IN PARIS

THE GOVERNMENT of Mr Jacques Chirac yesterday brought down the guillotine on debate within the National Assembly for the third time this session, cutting short discussion on the supplementary budget for this year.

Mr Chirac announced his decision at 7.40 yesterday morning to weary deputies after Parliament had been in session all night. He accused the Socialists of obstructing legislation—though he has also had a problem with his own narrow majority which has been tabling amendments embarrassing to the Government's budget calculations.

He has taken the action to hurry forward other legislation, including a bill to relax redundancy procedures, legislation on delinquency and terrorism, and a proposed bill to privatise one of the state-owned television channels.

The Prime Minister's aim is to build up a substantial body of measures in case President Francois Mitterrand should decide to call early presidential elections late this year or early next.

By using the guillotine again, however, Mr Chirac asks however, Mr Chirac risks bringing Parliament into further disrespect and angering deputies—even those within his own majority. But he seems likely to be forced to repeat the procedure with other controversial bills this month and next.

Mr Chirac's move came as a public opinion poll published yesterday showed his position has begun to slide, with 45 per cent of those showing confidence

Chirac: third time.

in him. Nonetheless, he would be the winner by a short head in the second round of a presidential election against Mr Mitterrand.

More comforting for him was the statement of support received from French employers' associations who said that the economic measures so far taken go in "the right direction." The employers said, however, that they would take time to bear fruit in terms of investment and employment.

The National Assembly had debated 99 of the 219 amendments put down by both left and right on the supplementary budget. The Government's decision to turn the issue into a question of confidence means deputies did not have time to discuss the abolition of wealth tax proposed for next year. Unless the Socialists succeed in passing a vote of censure—which remains improbable—the budget will now go through without further modification.

Report of loan deal on hostages played down

By David Marsh in Paris

FRANCE IS maintaining a cautious line on the possibility of achieving the release of nine French hostages held in Lebanon. This is in spite of a generally positive outcome of a visit here last week by an Iranian government delegation and the start of negotiations between Paris and Tehran on repaying a $1bn loan to France by the late Shah.

The Foreign Ministry yesterday played down a report from a US television network, that the two sides had reached agreement on repaying the loan as a condition for freeing the hostages.

France hopes Tehran can use influence with the fundamentalist movements holding the Frenchman in Lebanon—four of them have been captive for more than a year.

Mr Ali Reza Moayeri, the Iranian vice prime minister, last week in Paris denied that Iran had any links with the groups holding the hostages, but held out hopes for progress on the $1bn loan question.

Iran made an advance of $1bn in 1974 as part of the Shah's preparation to join the Eurodif uranium enrichment consortium. The funds have been blocked in Paris ever since, with the French Government claiming that the régime which came to power after the Shah had reneged on Tehran's commitment to join the consortium.

Mr Chirac said last week that, before the loan could be repaid, France and Iran would have to come to terms on claims for damages logged by French companies active in the country before the Iranian revolution whose contracts were subsequently blocked.

EEC to set N-safety level in food

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community is likely to replace a specific ban on food imports from Eastern Europe with a general ban on all food imports which show traces of radioactivity above a common safety level.

Only Greece was standing out against a common safety level last night, feeling that the standards acceptable to the other 11 Community countries are too strict.

Controls on food imports from the Soviet Union, Bulgaria, Hungary, Czechoslovakia, Poland, Romania and Yugoslavia were imposed after the disaster at the Chernobyl nuclear reactor. These controls expire on Saturday and, for public health reasons, a new system is thought to be necessary covering food imports from all sources.

Fears have arisen that if no common measures are a greed, individual countries in the Community will take separate measures, thus interferring with the free movement of goods inside the Community.

A Community safety level for imported food would act in effect as an internal standard. So there has been prolonged negotiation on what that standard ought to be.

The standard accepted by all except Greece is 350 becquerels per kg for milk and baby foods and 600 becquerels per kg for all other food products. Becquerels are a measure of the caesium and iodine traces, too high a level of which is damaging to health.

Until yesterday France also held out against these standards, believing that 1,000 becquerels would provide a tight enough standard.

When that opposition was dropped, only Greek concern about the standard for milk products remained in the way of a general agreement. It would have problems in meeting the standard for its milk and cheese production from goats and sheep.

Once the question of dealling with imported food is ersolved, the Commission is expected formally to propose incorporating the standard into internal Community regulations.

Background, Page 25; Lex, Back Page

Doctors appeal for halt to nuclear testing

BY RUPERT CORNWELL IN BONN

A gathering of leading doctors from around the world yesterday called both superpowers—but most urgently the US—to halt nuclear testing as a first step to slow the arms race and reduce the risk of a nuclear war with whose effects modern medicine would be powerless to cope.

The appeal came on the first day of a congress here of the association of International Physicians for the Prevention of Nuclear War. Its deliberations are inevitably taking place beneath the shadow of the Chernobyl nuclear power station disaster, whose death toll has now risen to 21, and by some accounts 23.

"Chernobyl has reaffirmed our conviction that we physicians must campaign more effectively still for the prevention of nuclear war," said Mr Evgheny Chazov, one of the two co-presidents of the association, which won the 1985 Nobel Peace Prize and groups more than 154,000 doctors from 49 countries, told a Press conference yesterday.

"We have been accused of being cynical in describing Chernobyl as a small explosion," said Mr Chazov, director general of the Soviet national cardiological research centre. Certainly it had strained the medical capacities of a major nation to the utmost, and had had affected much of Europe, he said, "but compared to the explosion of even one nuclear bomb, Chernobyl was indeed small."

Simultaneously, the association's international council delivered its appeal to President Ronald Reagan and Mr Mikhail Gorbachev, urging the US to join the Soviet Union in a "mutual moratorium on all nuclear explosions" to remain in force until agreement is reached on a comprehensive test ban treaty. Negotiations for this should start at once, the six-page statement demanded.

At the start of proceedings yesterday Mr Chazov gave a detailed account of what happened at Chernobyl. He indicated that the 36 hour delay between the explosion on April 26 and the evacuation of 100,000 people from the 30 km radius zone around the reactor was due to local authorities "underestimating somewhat" the dangers of radioactivity.

Burns and radiation injuries were suffered by 299 people, of whom 129 were evacuated on the same morning by aircraft to Moscow and hospitalised. By May 24, 21 people had died, including 11 who had received bone marrow transplants, a technique which Mr Chazov said had "not proved very effective." A further 30 were still in a serious condition. Of those hospitalised, 89 had been discharged.

A report by the government Novosti press agency that 1,000 people had been injured was corrected yesterday to say that the figure "refers to people examined."

The evacuation was completed in three hours, with the help of 1,100 buses and 230 medical teams sent to the zone. Checks are continuing on all those evacuated, but these have yielded no cases of acute radiation sickness or radiation effects. The Soviet medical authorities have promised a detailed report within three months. At the reactor itself, radiation levels are improving but remain serious.

Among so many delegates, views were inevitably divided over the merits of continuing to use nuclear power after Chernobyl. But Dr Ian Maddocks of Australia, a member of the executive committee, said the disaster was further proof that no absolutely secure system existed to control modern technologies.

"Nuclear weapons too can explode by accident," he warned.

Patrick Blum adds from Vienna: Mr Friedrich Zimmermann, the West German Interior Minister, yesterday said that 23 out of 25 nuclear energy states had agreed to a West German proposal to hold an international conference in Vienna in September to discuss higher safety standards in the light of last month's accident at Chernobyl.

Speaking after a meeting with Dr Hans Blix, the director general of the International Atomic Energy Agency (IAEA), Mr Zimmermann said that the idea for a meeting had won widespread support and that it would take place just before the IAEA's own general conference in Vienna. The meeting would allow for a political discussion before the technical discussion at the agency's own conference.

An IAEA spokesman yesterday welcomed the West German initiative but said that arrangements for the conference and its timing had not been finalised. Participation would be at the invitation of the IAEA and the conference would be held at ministerial level to consider draft conventions on emergency assistance and on early notification of accidents.

Government details sale of television channel

BY PAUL BETTS IN PARIS

THE CONTROVERSY over deregulation of French broadcasting heightened yesterday with the unveiling of detailed plans for privatising the country's oldest and largest state television network, TF-1.

Mr Francois Leotard, the Communications and Culture Minister, said 50 per cent of the shares in the network would be sold to its new private operator, 40 per cent will be offered to the general public and the rest to employees.

As the first example of privatisation by the new Government, the state television chain is expected to serve as a test for similar action in the banking and industrial sectors.

TF-1 is valued at around FFr 3bn (£277m) and several large private groups and investors have indicated an interest in taking control. They include, among others, the right-wing Hersant newspaper group, the Hachette publishing group, Mr Francis Bouygues, the head of the leading construction company in France, Sir James Goldsmith, financier, and Mr Bernard Tapie, the French entrepreneur who has made a fortune out of bankrupt companies. Groups like Moet Hennessy and the Compagnie Luxembourgeoise de Telediffusion (CLT) are also keen to develop their presence in the French broadcasting market.

However, the opposition Socialist party, the unions and staff of the state broadcasting industry are vigorously opposing the privatisation of TF-1 and the eventual selling off of the regional state television network, FR-3.

Of the three state networks, only Antenne-2, the profitable second channel, will remain under government control.

The Government has sought to appease its critics by promising that there will be no "witch hunts" in the television industry and that the privatised channels will have to adhere to strict rules on programme argue that privatisation risks unquality. But many opponents dermining the standard of French television.

The industry has also been alarmed by the recent outburst of Mr Jacques Chirac, the Prime Minister, against French television journalists. He claimed that his government's policies and actions are not being properly reported by the state channels.

OECD ECONOMIC OUTLOOK

Best climate in years for structural change

BETTER economic prospects present the world with the best opportunity for years to deal with long-standing structural problems such as trade barriers, the Organisation for Economic Co-operation and Development concludes in its latest Economic Outlook.

Oil prices have fallen by 40 per cent in dollar terms, the dollar itself has dropped nearly a quarter, and short and long term interest rates have been declining everywhere since its last half-year report, the OECD says, and this has greatly improved the prospects for inflation and growth in the industrialised countries.

Reports by George Graham

Unemployment remains unacceptably high in most countries, underlining the need for the opportunity this presents to be seized. "The uncertain duration of the new conditions means that action of this kind is urgent," the report says.

Falling oil prices have already brought lower inflation, with average consumer prices in the OECD's 24 member countries as a whole falling in both February and March — the first time this has happened in the 25 years that the organisation has compiled statistics.

Further gains are expected to result from the fall in other fuel prices and, in due course, from lower wage settlements. OECD inflation, which measured 4¾ per cent a year in 1985, is now projected at 3½ per cent this year and 3 per cent in 1987.

The OECD says the effects on economic activity of lower oil prices are less easy to calculate than those on inflation, but it forecasts that domestic demand in member countries will increase by around 3½ per cent in 1986 and perhaps a shade less in 1987. These forecasts are close to a percentage point higher than the OECD's projections last autumn.

Trade among OECD countries is expected to be stronger, while higher exports to oil-importing nations outside the OECD area will be more than offset by lower exports to oil producers. Overall, the net effect is to raise the organisation's forecast of the increase in gross national product in 1987 by one percentage point to 3¼ per cent.

No improvement is seen in the unemployment rate, however, and progress in reducing the large trade imbalances between OECD countries is expected to be slow. The OECD warns that any euphoria resulting from the improvement in economic conditions would therefore be misplaced.

"It would be particularly unfortunate if the somewhat better situation—which might turn out to be short-lived—led governments to ease up in their medium-term efforts to improve the structure of OECD economies," the report says. "The appropriate response is the opposite one: to seek to exploit the opportunity provided by the new siutation to step up such efforts."

OECD FORECASTS

Seasonally adjusted at annual rates

	1984	1985	1986	1987
	Percentage changes from previous period			
Real GNP				
US	6.6	2.2	3	3¼
Japan	5.1	4.6	3½	3
West Germany	3.0	2.4	3½	3
OECD Europe	2.6	2.4	2¼	2½
Total OECD	4.8	2.8	3	3¼
Inflation (private consumption deflator)				
US	4.1	3.2	2¾	2½
Japan	2.1	2.2	½	0
West Germany	2.5	2.0	0	½
France, UK, Italy, Canada	6.7	6.1	3½	3
High inflation smaller countries	38.4	34.9	27½	24½
Other OECD countries	6.9	6.1	4½	3½
Total OECD	5.3	4.8	3¼	3
	($ bn)			
Current balances				
US	−107.4	−117.7	−132	−125
Japan	35.0	49.3	77	71
West Germany	6.3	13.1	29	22
Total OECD	−69.0	−59.2	−16	−30
OPEC	−9.6	−12.7	−49	−34
Non-oil developing countries	−22.1	−28.2	−25	−28

The report calls for further reductions in interest rates, which still remain higher in relation to inflation than at most times in the post-war period, but cautious that these rate cuts should not be allowed to jeopardise monetary control or inflation objectives.

An important contribution to this process would be a progressive reduction in the US fiscal deficit of the size suggested by the Gramm-Rudman-Hollings Act, although lower interest rates seem to have improved the outlook for the deficit recently, the report notes.

The OECD is lukewarm to calls for fiscal expansion in West Germany and Japan to offset the effects of reducing the US budget deficit. It says it would be reasonable for these countries to maintain public debt at a stable level in relation to GNP, while most other countries need to reduce their budget deficits significantly.

Yet faster growth of domestic demand and imports outside the US is needed in order to move towards a more sustainable structure of international current balances. In addition, the OECD suggests further progressive depreciation of the dollar—especially against the least competitive OECD countries such as those in south-east Asia—at a rate that can be absorbed without a significant pick-up in US inflation.

The OECD warns that it may be more difficult to establish an international policy concensus like that achieved in September's Group of Five agreement on exchange rates now that the more extreme imbalances have been corrected. Policy adjustments or exchange market intervention in future may need to be more subtle.

OECD — Economic Outlook No. 39: OECD, 2 rue Andre-Pascal, 75775 Paris CEDEX 16.

External imbalances expected to stay at high level

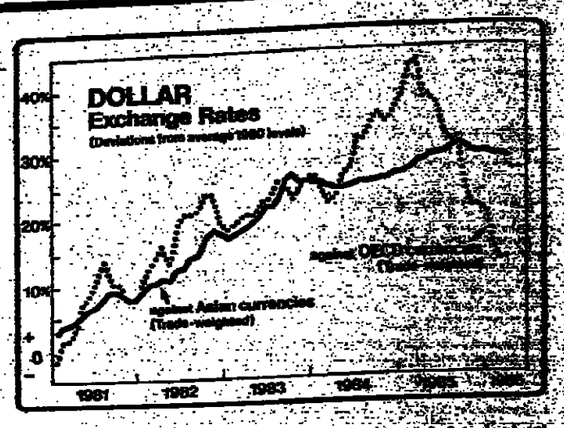
LARGE EXTERNAL imbalances are likely to persist in 1986 and 1987 and probably beyond, the OECD predicts. While the re-alignment of exchange rates over the past year has changed competitive positions, this may do little more than check the widening of the US current account deficit and Japan's current surplus.

These imbalances may still amount to more than 3 per cent of gross national product by the end of 1987, the OECD Economic Outlook warns.

Grassroots protectionism, however, may start to decline before that, it says. Although the US trade deficit may not yet be improving in value terms, in volume terms it may be narrowing. This will ease the squeeze on the margins of exporters and of industries that compete with imports.

Countries should not lean too heavily on exchange rate adjustments in their bid to reduce trade imbalances, the organisation says. Instead, rapid growth outside the US should play a significant role in bringing about better balance.

The report cautions that if the dollar is to fall further, too slow a depreciation might do little to defuse protectionist pressures in the US. Too sharp a decline, by contrast, would increase inflation in a way that could either prevent the US international competitive position from improving in the manner required or prompt the Federal Reserve Board to tighten monetary conditions.



The OECD is still gloomy about the prospects for more substantial improvements in the imbalance beyond 1987, and warns that the US external deficit could remain a problem.

The most important reason is the impact of the accumulated deficit on US overseas investments. Even if the outlook for the current account deficit in the next 18 months turns out to be better than the OECD expects, past deficits will have led to a reduction in net foreign assets of around $500bn between 1982 and the end of 1987.

The deterioration of investment income that follows from this reduction would be at least $35bn a year and could be as high as $50bn, the OECD says. As a result, the real exchange rate of the dollar needed to improve the current account is substantially lower than it would have needed to be in the early 1980s.

In addition, unless the US economy now grows more slowly than those of other countries, the change in relative rates of domestic demand stemming from the strong US recovery in 1983 and 1984 will lead to a further deterioration in its current account, even when the dollar has fallen by nearly 25 per cent since its peak in late-1984 against other OECD currencies. It has often [illegible] even appreciated against the most industrialised developing countries.

Against the currencies of Hong Kong, Singapore, South Korea and Taiwan for instance, the dollar has appreciated slightly since [illegible] and is nearly [illegible] its 1980 level.

US trade in manufactured goods with these countries nearly doubled from 1980 to 1984, when it [illegible] more than [illegible] of the total. For some items, the new pattern of dollar exchange rates may result more in a shift of US imports away from the OECD area and towards these low-cost countries than in an actual reduction in total imports.

High unemployment to go on in Europe

EUROPE'S HIGH unemployment rates will change little in the next 18 months, the OECD reports, while Japanese joblessness is likely to rise.

Employment in the OECD countries continued to grow last year at a rate of about 1 per cent a year, while unemployment fell slightly as the labour force grew more slowly. The organisation sees the average rate of unemployment stabilising at around 8¼ per cent over the next year and a half, corresponding to 31m people out of work in the OECD area by the end of 1987.

For the US, the report projects employment gains of about 2 per cent a year and weaker labour force growth. As a result, the unemployment rate is expected to decline to 6¾ per cent in the second half of 1987. In Canada, too, unemployment is expected to fall further.

Europe, however, will see gains in employment broadly matching the increase in the workforce. The unemployment rate may therefore stabilise at around 11 per cent over the next 18 months, meaning more than 19m people unemployed in the second half of 1987.

West German unemployment may fall slightly this year and next, while in the UK, Belgium, Spain and Ireland it may not decline until 1987. France, Italy, Austria, Finland, Greece and Turkey are expected to see continued increases in unemployment.

The position in Japan is expected to worsen slightly as a continuing rise in employment associated with flattening output growth may not be enough to absorb the steady increase in the workforce.

The report notes that the gap between the rates of job creation in manufacturing and service industries has grown wider. The service sector has absorbed not only new entrants to the labour force but also those who have lost industrial jobs, who would generally be less attracted to service jobs because of the relatively low rates of pay.

West Germany and the UK have the weakest records of job creation in the service sector, the OECD says.

UK warned about impact of rising wages on exports

BRITAIN'S five-year economic recovery looks set to continue through the next 18 months, even though the pace of recovery seems to have slowed, the Organisation for Economic Co-operation and Development reports. The main problem for the UK, however, remains the growth in labour costs.

"Inflation is unlikely to fall much further until there is some moderation of wage behaviour, which has not happened despite high unemployment," the OECD says. "Consumer price inflation could be down to an annual rate of as low as 3 per cent in the second half of 1986, but any durable reduction will require progress in reducing the wage cost element."

The report warns of a slowing in output growth to a rate of around 2½ per cent with only a marginal fall in unemployment from its peak levels. In addition, unless the rise in unit labour costs comes down, British exports will become less competitive if the Government sticks to the policy of keeping the pound strong.

Full entry into the exchange rate mechanism of the European Monetary System looks more likely, the OECD concludes, especially given the UK's reduced dependence on oil. Even if that does not occur, it says, the authorities may well attempt to shadow the movements of the EMS currencies.

The report says it is still too early to judge how Britain's economy will react to lower oil prices, but that there are signs that the adjustment will occur with less disruption than once feared.

It warns, however, that losing half the value of North Sea oil production through lower prices may be easier to weather than the eventual drop in oil production itself, since it leads to lower inflation and a real income gain for consumers.

Strong wage growth and the fall in inflation may boost real personal disposable incomes by as much as 4 per cent in 1986 and a further 3 per cent in 1987, the OECD says, leading to substantial growth of consumption averaging 3½ per cent a year over the next 18 months.

Exports, which are expected to grow rapidly in the first half of this year with oil exports at record levels, may ease off significantly as the UK's international competitiveness declines. Imports, meanwhile, are expected to rise from now on at a rate of about 5 per cent a year.

هكذا من الاصل

OVERSEAS NEWS

Soviet Union fails to draw PLO factions together

BY TONY WALKER IN DAMASCUS

SOVIET ATTEMPTS to encourage reconciliation in the splintered Palestine Liberation Organisation appear to have foundered.

Warring Palestinian groups are showing little interest in mediation efforts sponsored by Algeria, according to PLO sources in Damascus and Amman.

At the same time, Arab officials have politely dismissed UK Prime Minister Margaret Thatcher's proposal for an alternative to the mainstream PLO of Mr Yassir Arafat. Dr Esmat Abdel Meguid, Egypt's Foreign Minister, told the BBC this week that the PLO under the chairmanship of Mr Arafat is the sole legitimate representative of the Palestinian people.

Dr Meguid was commenting on Mrs Thatcher's suggestion, made while she was in Israel at the weekend, that fresh Palestinian participation be encouraged in the peace process.

Algeria sent an emissary to Damascus in April to sound out Palestinian groups on the possibility of a reconciliation meeting in Algeria to be followed by a session of the Palestine National Council (PNC) to rectify differences between competing PLO factions. But apart from the Marxist-leaning Democratic Front for the Liberation of Palestine (DFLP) of Mr Nayef Hawatmeh little interest was shown in the Algerian-sponsored reconciliation process.

The Popular Front for the Liberation of Palestine (PFLP), under Mr George Habash, the biggest faction of the Palestine National Salvation Front (PNSF), a Syrian-backed grouping of radical Palestinian elements, initially showed some interest, but has since made it known it sees little prospect of reconciliation with Mr Arafat.

Mr Habash, who has been at loggerheads with Syrian President Hafez al-Assad since last year's onslaught against Palestinian refugee camps in Beirut by the Syrian-backed Shi'ite Amal militia, recently held a meeting with Mr Assad in Damascus.

Moscow has been nudging PLO factions towards reconciliation, arguing that nothing can be achieved while the Palestinian groups remain disunited. This was a theme pursued by the Soviet leader Mr Mikhail Gorbachev at a meeting with Mr Arafat in East Berlin

But a Western official in Amman said the reconciliation process was an "absolute non-starter" because none of the groups, with the possible exception of the DFLP, had any real interest in seeing a reconciled PLO. Mr Arafat, also opposed reconciliation because he would be forced to make concessions to achieve such an end, the official argued.

Mr Arafat has not officially abandoned his February 1985 accord with King Hussein which provided a framework for Jordanian-Palestinian co-operation in peace efforts under the auspices of a proposed international conference on the Middle East.

The Amman accord was denounced by Syria and radical Palestinian groups in Damascus as "capitulationist."

Five soldiers die in south Lebanon

By Andrew Whitley in Tel Aviv

FIVE MILITIAMEN including a senior officer from the Israeli-backed South Lebanon Army, were killed yesterday near the town of Nabatiyeh in southern Lebanon sparking fears of a bloody round of revenge killings.

The incident, announced by the Israeli Defence Forces in Tel Aviv, was the worst of its kind since the Israeli withdrawal from Lebanon last summer.

Last night Israeli and SLA forces combed the area around the village of Kfar Rumane, eight miles north of the Israeli "security zone" in south Lebanon for the perpetrators of the attack—thought most likely to have been Shi'ites from the Amal militia.

Advisors attached to the SLA were reported to be making efforts to restrain the mainly Christian militia from exacting the sort of retaliation common throughout Lebanon after such an incident. In 1984, after the death of three SLA men, a dozen Shi'ite villagers were killed in revenge.

The attack on the jeep in which the SLA soldiers were travelling took place on the main road between Marjayoun and Jezzin, an exposed route on which ambushes are common.

Kathy Evans reports on Baghdad's latest military offensive

Iraq acts to boost flagging morale

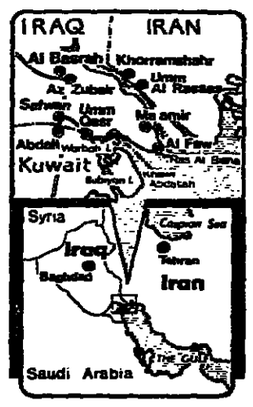
JUST A few days into the holy fasting month of Ramadan, Iraqi armed forces crossed the Iranian border for the first time since 1982. It marked the start of a new strategy of "active, mobile defence" since the war with the Islamic Republic began nearly six years ago.

The army crossed in two areas. First, they seized the Iranian town of Mehran in the central sector. Further south, the Fourth Army Corps crossed at Fakkeh. Although there may be no immediate objective in this flat desert area of Iran, some 75 km away lies the populated town of Dezful and the main rail supply line for the Iranians to the south.

For Iraq, a change of tactics is being seen as vital to boost national morale after the depressing defeat of Iraqi forces in the Faw Peninsular in February.

But the incursions were limited and certainly no prelude to a larger scale invasion of Iranian territory. Beyond Mehran lies a range of mountains, some 1,500 metres high, providing no cover for Iraqi forces. It would take large numbers of brave infantry to press on. Nevertheless, for the first time in many years, the Iraqis are now forcing the Iranians to play their game. It is estimated that the Iranians would need at least two divisions to retake Mehran.

Iraqi military officials privately concede that Mehran is no substitute for Faw. Mehran



was a hollow victory, a town virtually devoid of civilians. The only real substitute for Faw is probably Khorramshahr, the Iranian city on the Shatt Al Arab waterway, which Iraq's leading general, Maj-Gen Maher Abdul Rashid, is itching to capture.

But as always, concern over casualties would rule out such an enterprise. Iraq cannot afford to lose many from its nation of 14m, facing as it does a foe of 44m. The loss of Faw is estimated to have cost Iraq 10,000 men in February alone, and probably several thousand more have died since. Casualties, even during a lull at the war front, are likely to be running at 15-30 a day, or 10,000 a year, according to western military experts. "That's a brutal rate for this society," remarked one observer.

Iranian casualties are much higher. It is estimated that about 30,000-40,000 young men died in the effort to gain the 90 sq km enclave in the Faw area. Some experts believe the Iranians are still losing 150 a day, and that the enclave may in fact be proving a valuable "killing ground" for the Iraqis.

The international loss of face for Iraq following the Faw defeat was serious, but depressing for morale though it was, analysts believe the Iraqis will not try to retake the enclave. Such an attempt could cost them 15,000 men, an unacceptably high price tag. Besides, there are other, larger concerns for Iraq.

The Iranians have talked for years of the "final offensive," a death blow to President Saddam Hussein and the ruling Ba'ath Party. Indeed, the Iranians have talked of it for so long, that no one believes them now—not even when the circumstances fit the rhetoric.

In March, Ayatollah Khomeini made an historic speech in which he talked of the need to send all able bodied Iranians to the front. As the country's supreme religious authority, his orders have placed religious obligations on the Government. The result has been the largest ever mobilisation the country has seen involving one-fifth of all civil servants, women, members of parliament and senior government officials.

This time, the Iraqis are taking the rhetoric seriously. One western analyst said "we all know—and the Iraqis know too—that something big is brewing. The Iraqis believe the offensive may be sooner rather than later, before Iran's financial situation deteriorates further. Strategists argue that if Iran leaves it until 1987, then Tehran may be less able to afford an all-out, do-or-die offensive. Moreover, the momentum and euphoria of the Faw success has to be maintained. The betting is on for summer or the autumn among western military experts in Baghdad.

Most agree the Iranians will once again attempt to cross through the marshes, from Majnoon Islands, where they lie just 15 km from the road to Al Basrah the final prize. In pursuit of this, the second largest city in Iraq, simultaneous thrusts are expected east of Al Basrah from the enclave in Faw.

The Iraqis have in the past proved vulnerable to surprise attacks, but successful in recouping lost ground. But in the next and final offensive being planned by the Iranians, the margin for error could be slim. At the closest point, Iranian forces are less than 25 km from Al Basrah.

Australian economy contracts

By Emilia Tagaza in Canberra

AUSTRALIA'S gross domestic product fell in the six months ended March 31 mainly because of high domestic interest rates and a sharp deterioration in the country's terms of trade.

The Bureau of Statistics reported yesterday that GDP shrank by 0.1 per cent in the March quarter and by 0.1 per cent in the December quarter. It had originally reported a 0.4 per cent growth rate in the December quarter.

Mr Paul Keating, the Federal Treasurer, said the slowdown was the result of the Government's strategy to rein in demand for imports and ultimately stabilise Australia's external account. He predicted an overall GDP increase of 5 per cent for the fiscal year ending June 30.

Last April's current account deficit reached A$1.47bn (£710m), bringing the total shortfall for the first 10 months of 1985-86 to A$12.1bn. The unexpectedly huge deficit prompted Mr Keating's now-famous warning that Australia was in danger of becoming a third-rate economy ranked amongst the world's banana republics.

Mr Keating indicated that one of the most immediate problems the Government would tackle is the continuing high interest rates

Lagos bans demonstrations in wake of student protests

NIGERIA'S military government has ordered a national ban on demonstrations in a bid to curb violent unrest over the shooting dead by police last week of at least 19 university students in the northern city of Zaria, AP reports.

Inspector General of Police Etim Inyang appeared on the national television network Wednesday night to announce the order banning all demonstrations.

He also said that all institutions of higher learning where there have been demonstrations or where authorities consider violent protests are likely will be closed, Lagos Radio reported.

He did not say how many such centres this involved. But before his announcement, nine of Nigeria's 15 universities had been closed by authorities because of student demonstrations.

In another broadcast, Lagos Radio reported that the Nigerian labour congress has called for a peaceful demonstration by workers throughout Nigeria on June 4

Education Minister Jubril Aminu on Wednesday visited Ahmadu Bello University in Zaria where the shootings occurred to assess damage and offer condolences to the university and families of the students killed.

Initial government reports said four students were killed when police fired on a crowd of students at Ahmadu Bello last Friday, although newspaper reports say as many as 34 people are dead.

Syria sets date for oilfield

A NEW Syrian oilfield pumping good quality light crude will begin producing about 50,000-60,000 barrels a day by the end of the year, according to oil industry officials in Damascus, writes Tony Walker.

But output from the Deir ez Zor field, 350 km east of Damascus, is unlikely to provide the windfall for the beleaguered Syrian economy predicted when it was discovered in 1984.

The field is producing about 15,000 b/d, pending completion of a 100 km spur by Technoexport of Czechoslovakia to the nearby unused Iraqi pipeline across Syria to the coast at Tartus. When it comes into full production Deir Ex Zor will make Syria virtually self-sufficient i petroleum products.

Indonesia faces severe downturn

INDONESIA'S economy will contract this year for the first time in 20 years because of the drastic fall in world oil prices, Western analysts said yesterday in a confidential report, Reuter reports from Jakarta.

The economy could shrink by up to 3 per cent, with sluggish domestic demand, growing unemployment, and a prolonged manufacturing recession adding to the nation's oil woes, according to the report.

The predicted contraction comes as Indonesia prepares for a general election next April. It reflects a general down turn in the region, with both Singapore and the Philippines seeing negative growth this year.

Foreigners accused of helping Burma insurgents

BY CHIT TUN IN RANGOON

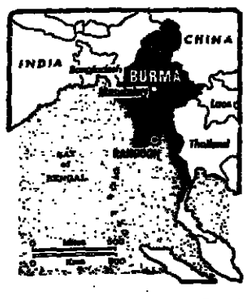
SOME "white" foreigners had been helping ethnic Karenni insurgents in eastern Burma near the Thai border, a state-owned Burmese newspaper reported.

Its report was based on documents and photographs seized from the insurgent hideout which fell to Government trops recently.

According to the report, troops overran the hideout of the Karenni National Revolutionary Council (KNRC) in the hilly Kayah State of east Burma on April 12, sending the 250-member insurgent force and its leader Mr Saw Morel fleeing across the border into Thailand. Foreigners at the hideout also fled.

Among the articles seized were documents and photos showing that five white medics (one a woman) had been operating a three-year medical training course for the insurgents since 1984, and that two brothers named Lloyd and Andrew had visited the hideout as journalists last year, helped the insurgents procure some 100 M-16 rifles from Thailand, and set up a firearms repair shop. The report did not disclose the nationality of the foreigners.

Founded in 1972, the KNRC is one of about a dozen small ethnic rebel groups fighting the



Rangoon Government. Its declared motive is to carve out an independent state for the 170,000 Darenni and Kayah minority people who inhabit the 4,500-square mile mountainous segment of east Burma.

The Government maintains it is just a bandit gang engaged in drug trafficking and smuggling timber and minerals across the border.

This is the second time the Burmese media disclosed involvement of some nationals in Burma's ethnic insurgency. Last October, it reported the discovery of the body of a Frenchman among the dead left by retreating Karen insurgents in south Burma.

Robert Graham assesses the aims and character of Mr Virgilio Barco

Calvinist who would rebuild Colombia

MR Virgilio Barco, the new president-elect of Colombia, is a tough, self effacing man with a distaste of improvisation or unnecessary comment.

Even when he acknowledged his sweeping victory in Sunday's election, Mr Barco's first public statement was low key: "I'm not going to savour victory but instead I will rebuild Colombia."

His no-nosense approach to the presidency reflects a US-educated belief in hard work and careful planning. Advisers talk of a "Calvinistic streak" in the 65-year-old president-elect.

Although Mr Barco does not take office until August 6, the preparations for the handover have been immediate. On Sunday night the *out-going president* Mr Belisario Betancur handed over a 42-page background briefing — a gesture which underlines a scrupulous respect for the smooth transfer of power.

Mr Barco will begin with a large margin of political and economic manoeuvre, far greater than that of his predecessor. Mr Betancur inherited an economy laid low by foreign debt and suffering the worst effects of lower commodity prices, especially Colombia's lifeline, coffee.

Colombia also then faced a growing threat from four left-wing guerrilla groups who enjoyed considerable public support.

President Betancur had neither control of Congress nor the full support of the Conservative party, nor indeed a very comfortable margin over his liberal opponent. In contrast Mr Barco, by winning 59 per cent of the vote, has a much more *substantial popular mandate.* He also inherits a Congress controlled by the Liberal party.

The peace process set in motion by Mr Betancur, of trying to negotiate with the guerrillas, has not been wholly successful. But the largest guerrilla group, the FARC, has accepted a truce and even fielded a candidate under a new left wing party in the presidential elections. More importantly, by refusing a generous offer of dialogue, the guerrillas have been marginalised, thereby providing greater legitimacy and greater support for military action.

Economically, Colombia is in far better shape than four years ago. Thanks to a tough austerity programme, applied over the last two years, the economy is entering a period of renewed growth. Projections of growth for this year are as high as 4.5 per cent. Colombia is also benefiting from windfall coffee profits. (Coffee sales are expected to double the 1985 figure of $1.5bn. With international reserves projected to rise $900m to $3bn, Mr Barco will have a greater margin for manoeuvre in economic policy than probably any other Latin American leader.

Mr Virgilio Barco, Colombia's president elect (right) takes office on August 6. Committed to ring the bells of change in almost every sphere he will be helped by a substantial popular mandate and an economy entering a period of renewed growth.

Mr Barco is committed to *break the mould of politics that* is controlled by the Liberal and Conservative parties. In particular he wants to change the consensus politics that emerged from the fierce internecine violence of the late 1940s and early 1950s.

This consensus was embodied in the constitution and meant that although elections provided alternating parties in power, defeated parties were nevertheless brought into government. The pact lasted for 16 years and formally ended in 1974 but has continued informally ever since.

Mr Barco says he intends to change the constitution and ensure his government is clearly Liberal. He believes Colombia is politically mature enough to tolerate a clearly defined *opposition. However Mr Barco* is part of the political establishments he is attempting to shake up and the task may not prove so straightforward.

Although Mr Barco has been highly critical of President Betancur's policy of trying to persuade the guerrillas to lay down their arms through peace talks and an amnesty, he is unlikely to change this radically.

One of Mr Barco's main electoral promises is to tackle Colombia's 13 per cent unemployment and provide large-scale *low cost housing against* a more general aim of establishing a better system of income distribution.

But Mr Barco does not believe in increasing public expenditure and cannot immediately raise taxes, which are already high by Latin American standards.

His main hope is to attract more private investment, especially into agriculture and agro-business.

Dealings with the international financial community in particular the International Monetary Fund, are expected to be more orthodox. Mr Barco does not share President Betancur's political distaste for the IMF. He believes Colombia achieved very little in its elaborate ballet of negotiations in 1984-85, whose net result was the Fund's acceptance to monitor economic performance without submitting the economy to a formal programme.

In the international field Mr Barco does not share President Betancur's enthusiasm for the Contadora peace process in Central America. He is closer to President Ronald Reagan's dislike of the Sandinista regime in Nicaragua and more generally does not identify with the outgoing president's "Third World" approach to international affairs.

Certainly Mr Barco is committed to ring the bells of change in almost every sphere. The principal uncertainty in his performance centres on whether he will display the political flexibility so necessary in a country with strong regional loyalties and powerful figures that wield the corrupting influence of drug money.

Opposition sweeps to power in Barbados

By Tony Crozier in Barbados

Mr Errol Barrow was sworn in yesterday as the new prime minister of Barbados after his opposition Democratic Labour Party (DLP) swept to a resounding victory in Wednesday's general elections.

The DLP won 24 of the 27 seats in the new house of assembly, leaving only three for the outgoing governing Barbados Labour Party (BLP) whose leader, Prime Minister Mr Bernard St John, and all his cabinet ministers lost their seats.

It was a *triumphant return* to power for Mr Barrow and his party which formed the government for two successive terms between 1961 and 1976. It was Mr Barrow who as Prime Minister led the island to independence in 1966 after more than 300 years of British colonial administration.

The extent of the DLP victory was a surprise. Opinion polls had given the party a 2 per cent advantage over Mr St John's party.

DLP promises to reduce taxation and the price of such basic amenities as water, electricity and petrol proved to be a decisive factor. Mr Barrow said his party would cut back on government spending and borrowing.

Sharp increase in US indicators raises hopes for growth

BY STEWART FLEMING IN WASHINGTON

THE US index of leading indicators *jumped* 1.5 per cent in April, the strongest in a string of recent gains and one which will help to reinforce expectations that growth in the US economy will strengthen in the second half of the year.

The Commerce Department said the rise followed a revised March gain of 0.9 per cent, almost double the originally reported 0.5 per cent. The index had risen 0.8 per cent in February from a month earlier.

The April gain was the largest increase since June 1983, when it achieved 1.9 per cent, and equalled the 1.5 per cent of October 1983.

Even Reagan Administration officials, however, are warning that after a lacklustre first quarter rise in real gross national product when involuntary inventory accumulation helped to boost the GNP statistics, the second quarter too is likely to be sluggish.

Mr Malcolm Baldrige, Commerce Department Secretary, said yesterday that although the leading indicators "continue to suggest a healthy economic climate ahead . . . I would like to see more zip in new orders." He pointed out that recent gains in the leading indicators have been heavily influenced by financial indicators such as the growth in the money supply and rising stock prices.

He went on to warn that in the second quarter growth may slow from the 3.7 per cent pace of the first quarter.

In April seven of the 11 available statistical series on which the leading index is based rose, but the sharpest increases were once again registered by financial data. In particular these reflected the stock market boom and the rapid money supply growth.

New orders for consumer goods, which had fallen in the previous two months, also rose, an unexpected sign which private economists found encouraging. More worrying was the continued decline in capital equipment orders referred to by Mr Baldrige.

Mr Edward Djerejian, a White House spokesman, said the leading indicators amounted to "clear signs that the economy is not only quite healthy at present, but is poised to become even more robust in the months ahead."

Loans to S. America farmers sparks row

BY NANCY DUNNE IN WASHINGTON

A ROW is brewing in Congress with both Republican and Democratic legislature upset over World Bank loans aimed at boosting global agricultural production.

At issue is a $350m (£232m) loan made to Argentina in April, described as part of the Baker plan, which ties lending to the debtor nations to economic reforms. The loan, supporting a reduction in export taxes on farm products and an increase in producer prices, would enable Argentina to earn an additional $1bn a year in foreign exchange by 1989, the bank said.

A week after the loan was made, the bank approved a $155m loan to Brazil for a project to increase agricultural efficiency. A $500m agricultural sector loan to Brazil is expected to come up for bank approval at the end of this month.

By law, the US director to the World Bank is supposed to vote against a World Bank loan if *it could result in injury to US* producers. The US director approved the Argentine loan, just after the US dropped its price supports, believing that new surpluses would not drop the price lower than 5 per cent, the Treasury's standard of injury. The US director abstained on the $155m loan to Brazil.

Two Republican senators, Mr Steven Symms of Idaho and Mr Don Nickles of Oklahoma, have introduced the Foreign Agricultural Investment Reform Act, which would tie reduce US contributions to the World Bank if it approves loans to expand farm exports and the US director votes against such loans. At least five other bills have been introduced to limit farm sector lending by the development banks for projects which would increase exports.

Sen Dan Quayle, an Indiana Republican, introduced a resolution earlier this month, supporting development lending but opposing loans which aggravate "structural trade imbalances and inflame trade relations. Development projects, he said, should proceed at a rate "consistent with a country's ability to service these obligations."

The US agriculture lobby is leading the fight against new lending for agriculture. "The (development) banks have learned that they can't foreclose on a country, but they can foreclose on the farmers," say Mr John Baise, vice-president of the American Soyabean Association.

The National Association of Wheat Growers and the US Wheat Associates wrote to both the secretaries of Agriculture and Treasury to complain that the US, through its contributions to the bank, is supporting the expansion of its principal competitors.

"Our farmers," the groups *said, "cannot ignore the terms* of this (Argentine) loan: 15 per cent interest, three years' grace period with a variable interest rate which is currently 8.5 per cent. There are thousands of American farmers (who pay interest of about 12-14 per cent) who would love to have terms such as this for their own operations."

Mr David Mulford, assistant Treasury Secretary, replied to the farm leaders, telling them that the Treasury had approved the Argentine loan because "the funds will not be used for agriculture per se."

The loan was also opposed by the USDA. In a letter to the American Soyabean Association, Mr Daniel Amstutz, USDA under-secretary, said the department had opposed the loan "because the expressed purpose was to increase Argentine agricultural production and exports. . . ."

Talks on Contadora peace treaty adjourned

THE LATEST round of talks by the Contadora group aimed at reaching agreement on a Central American peace treaty was adjourned yesterday with no date set for a new session but an appeal for negotiations to continue, AP reports from Panama City.

The deputy foreign ministers of the four Contadora nations—Mexico, Panama, Venezuela and Colombia — and their five counterparts from Central America reported some progress.

But they released no details on the arms limitations discussions that started in Panama City on Tuesday or whether an extension of a June 6 deadline set for signing a Central American teraty would be granted.

Mr Francisco Villagran the Guatemalan Deputy Foreign Minister, said there were "interesting elements" and "positive" results.

The meeting was adjourned "to analyse carefully the discussions" on arms limitations, manoeuvre and troop strength, he said.

Earlier this year, the Foreign Ministers from the Contadora countries said that June 6 would be the deadline for producing a treaty in the negotiations that started in January 1983.

Central American presidents meeting last weekend in Esquipulas, Guatemala, claimed the June 6 target date was unrealistic.

Ontario doctors launch strike over fees plan

BY BERNARD SIMON IN TORONTO

THOUSANDS of Ontario doctors began a two-day strike yesterday as part of their escalating protest against government plans to bar them from charging higher fees than those prescribed by the provincial health plan.

The 17,000 doctors argue that *the proposed prohibition of* what is known as "extra-billing" will lead to greater government control over the province's health care system, which is widely regarded as a model of efficiency and quality.

Only about 12 per cent of doctors presently charge patients higher fees than they receive from the government-subsidised Ontario health insurance plan, but they include many of the most respected specialists. Some opponents of the ban on extra-billing have threatened to move to the US if a law before the provincial legislature is passed.

The provincial government led by Mr David Peterson says that the measure is designed to provide equal access to affordable medicine. By condoning extra-billing, Ontario also forfeits C$1m ($488,000) a week in federal subsidies. Only three of Canada's ten provinces still allow doctors to charge what they like.

WORLD TRADE NEWS

Sharp fall in Japanese export contracts

By Carla Rapoport in Tokyo

EXPORT contracts by Japan's 13 major trading houses fell to their lowest monthly level since May, 1979, in April, according to Japan's Foreign Trade Council.

Japan's trading houses account for more than half of Japan's external trade and their contracts are a useful indicator of Japanese export trends.

Export contracts concluded in April dropped by 18.3 per cent from a year earlier to Y800bn (£2.4bn) largely as a result of the yen's steep appreciation against foreign currencies.

Steel export contracts led the decline, dropping by 35.3 per cent—the sharpest one-month fall since December 1979. Chemical contracts fell by 24.5 per cent, while textile and foodstuffs dropped by 12.8 per cent each. Machinery exports as a whole went down by 7.9 per cent.

Japan's export contracts to the US have fallen off faster than those to Western Europe. US contracts were down by 17 per cent in April, while those to Western Europe dropped by 6.4 per cent.

Meanwhile, Japan's sales of colour television sets to China fell dramatically in April, with exports down 95.1 per cent in unit terms over a year earlier.

According to the Electronics Industries Association, overall exports of colour television sets were down by 46.3 per cent, while total unit sales fell by 26.5 per cent.

Exports of videotape recorders (VTRs) continued to climb in April, however, despite the higher yen. Exports were up 17.6 per cent to 2.5m units, largely because a 41.7 per cent gain in sales to the US

VTR exports to Europe decreased by 31 per cent.

UK companies 'have chance to sell to Japan'

By Jurek Martin in Tokyo

SMALL and medium-sized British companies have "a glorious opportunity" to sell to Japan, according to Mr David Trippier, the UK Minister with special responsibility for small enterprises.

Mr Trippier, who has spent the week in Tokyo talking to the Japanese government and industry officials, said that he had been told again and again that because of the yen's appreciation there was now "a tempting window on the Japanese market which might not occur again."

But Japanese officials had also said that the ball was now very much in the would-be exporters' court. It would be unreasonable to expect major additional programmes, beyond those enacted in recent years, to facilitate the sale of imported products in Japan.

Paris concern over projects with Bonn

BY DAVID MARSH IN PARIS

DIFFERENCES over the objectives of several Franco-German technology projects are starting to cause concern in Paris.

The list of projects over which differences between Bonn and Paris have caused delays includes plans to build a joint anti-tank helicopter, the Hermes space aeroplane, and a second full-size European fast-breeder reactor.

Mr André Giraud, the new French Defence Minister, recently gave the clearest indication yet from the French side of difficulties over the military helicopter when he said the project at present was too expensive.

Making clear the urgency of efforts to redraw the project, Mr Giraud said the objective of common armaments programmes was to lower costs, not increase them.

Executives at Aérospatiale, the French state-owned aerospace group which has been working with Messerschmitt Boelkow Blohm on the dossier for two years, say that sharp cost over-runs in the early development stage are the result of the complexity of matching the three different versions proposed for the French and German armies.

Aérospatiale believes the German preference for a US night-vision sighting device developed by Martin Marietta harms the spirit of European co-operation which the project is supposed to further.

Unease is also building up in Paris over West German indecisiveness over Hermes, a manned European space vehicle scheduled for the mid-1990s.

Mr Heinz Riesenhuber, the German Technology Minister, recently said Bonn was likely to decide in favour of the project in the autumn.

But fresh doubts have arisen over the past week whether the German government may want to reorientate the project on technical as well as financial grounds.

Likely delays affecting the US space station which Hermes is intended to service look likely to push back the date at which Hermes would need to be operational.

Mr Frederic d'Allest, director-general of CNES, the French national space agency has pointed to the success in winning support from other European countries. He said the FFr 15bn (£1.25bn) Hermes project would go ahead anyway, even if the Germans decided not to join.

French officials have shown anger at suggestions from the UK that British Aerospace's revolutionary Hotol space-going aircraft—currently undergoing feasibility studies—could represent a rival to Hermes.

French officials say that Hotol, the propulsion technology of which is still classified by the UK government, is many years away from being a mature project. Even if the idea is proved feasible, they say, Hotol will be "a different generation" compared with Hermes.

At the root of sparring over the two projects is French concern that Britain might persuade West Germany to take a greater interest in Hotol, thus placing a cloud over Hermes.

A third cause for concern centres on a plan to build another European fast breeder nuclear reactor. This would follow on from the multinational Superphoenix plant brought on stream earlier this year at Creys Malville in the Rhone Valley

France hopes to build a second reactor with participation by West Germany, Italy, the UK, Belgium and Holland for the late 1990s. A decision on this would need to be made in the next two years.

Recognising that the Chernobyl accident has added to anti-nuclear feeling in West Germany, a senior official at France's Commissariat à l'Energie Atomique admitted last week that divergences with the Federal Republic were weighing on the project.

"They (the Germans) don't want the next fast-breeder to be in Germany—and they don't want it in France either."

Uncertainties have been compounded by the desire of German industrialists and Government officials for a more important stake in the range of aerospace and armaments joint ventures which have been developed between the two countries

For instance, the West German aerospace equipment industry has built up its share of the sophisticated electronics and other equipment on the European Airbus to 25 per cent of the total for the narrow-body A-320 now under construction.

This compares with 12 per cent and 18 per cent respectively for the earlier wide-bodied A-300 and A-310.

Deutsche Airbus, the West German partner in the airliner manufacturing consortium, says it hopes to increase further the German share of equipment on board the new A-330 and A-340 projects.

Pointing out that France and Germany have the same stake — 37.9 per cent — in Airbus, Mr Rolf Siebert, Deutsche Airbus's chief executive, says: "We have always felt an equal partner to the French.

Mr André Giraud

Ideally, he says, the German share of electronics and equipment systems on board the next generation Airbuses should rise towards the German share in the project as a whole.

Washington, Tokyo set for new chip talks

By Carla Rapoport in Tokyo

DETAILED negotiations on US-Japan semiconductor trade are expected to start next week between Mr Mike Smith, the Deputy US Trade Representative and Japan's Vice-Minister for Trade and Industry, Mr Kazuo Wakasugi, following an agreement in principle between the US and Japan on the long-running chips dispute.

Neither Japanese government or industry officials could shed any light on the outline of the settlement yesterday after a one-day marathon session between Japan's Minister of Trade and Industry, Mr Michio Watanabe, and Dr Clayton Yeutter, US Trade Representative, on Wednesday.

It is understood that the agreement in principle calls for a price monitoring system for Japanese chips exported to the US.

Miti officials yesterday declined to comment on reports that the Japanese have agreed to help boost the US semi-conductor industry's share of the Japanese chip market to 18 per cent.

"We don't have any news. Its like a Russian nuclear accident —it's a news black-out," said Mr A. Fujii, of the Electronics Industry Association in Japan.

Japanese officials say that further details of the agreement are likely to be announcer in Washington, after Dr Yeutter has briefed US industry executives. Dr Yeutter spent yesterday in talks in South Korea.

● Steven B. Butler adds from Seoul: Senior trade officials from 17 nations and the EEC will gather in Seoul today for an informal meeting designed to remove obstacles to starting the new round of negotiations for the General Agreement on Tariffs and Trade (Gatt).

French in secret Sleipner gas talks

BY FAY GJESTER IN OSLO

SECRET TALKS about the sale to France of gas from Norway's Sleipner Field have been in progress for almost a year, parallelling the widely-publicised negotiations about an export agreement with continental buyers covering gas from the even larger Troll Field.

This has been confirmed by Statoil, the Norwegian national oil company, which leads all gas export talks on behalf of Norwegian - shelf licencee companies.

In February last year, Whitehall vetoed a $30bn (£21bn) plan for Britain to purchase Sleipner gas—viewed by British Gas corporation as a replacement for gas from the Anglo-Norwegian Frigg field.

Frigg, which supplies about one-third of UK needs, will be depleted in the early 1990s, just about the time that Sleipner would have come on stream under the agreement.

Since then, Sleipner had vanished from the news and few people in the industry realised that a new potential buyer — the French company Elf Aquitaine—was bargaining with Statoil. Its plans envisage piping the gas through a new line to Zeebrugge, in Belgium. From there, it would be piped overland to France.

Corporate rivalry inside France could hold up the deal — Gaz de France which is a member of the consortium negotiating to buy Troll's Gas, has a virtual monopoly of gas imports into France, and wants to keep this.

Elf has been a major gas supplier inside France, from its own French fields, which are approaching depletion and the company is therefore anxious to find a new source of supply.

An Elf Executive, Mr Yngvar Heide, said it had by no means abandoned hope of buying the gas and would "work hard" to achieve an agreement.

Engine order won by IAE

By Michael Donne, Aerospace Correspondent

INTERNATIONAL Aero-Engines, the five-nation consortium building the V-2500 engine in which Rolls-Royce has a 30 per cent stake, has won a £13.3m contract from Trans Australia Airlines to supply spare engines for that operator's forthcoming fleet of European A-320 Airbuses.

The deal includes provision of training, and supply of tools and equipment to the Australian airline. TAA's nine A-320 aircraft are due to enter service in 1989.

With this deal, IAE now has support contracts with all six airlines which have ordered A-320s with V-2500 engines.

W. Germany eases curb on Italian wine sales

BY JAMES BUXTON IN ROME

WEST GERMANY has acted to ease restrictions on the sale of Italian wine imposed in the wake of the poison wine scandal which broke last March.

The Federal government has instructed customs posts to carry out only sample surveys of Italian wine coming into the country, as they did before the scandal.

Up to now, regional Customs posts have been sending consignments of Italian wine for detailed analysis, a practice that was taking several weeks, thsu severely delaying exports.

The Italian Government protested to the West German authorities about this practice and about the refusal of the West Germans to accept the certificates issued by authorised Italian laboratories.

West Germany is the second biggest market for Italian wine in terms of value, coming after the US. In the year to August 1985, it imported some L731bn (£144m) worth of Italian wine.

Other countries, including the US, agreed to accept the wine certificates, although the publicity surrounding the wine scandal caused a sharp drop in sales there.

The Italian Government is now preparing a series of promotional campaigns to boost the image of Italian wine

Pacific Dunlop China ventures

PACIFIC DUNLOP, a diversified Australian tyre and rubber goods manufacturer, has signed three joint venture agreements with China, AP-DJ reports from Sydney.

It will help establish and own 45 per cent of a footwear components factory in Shanghai, 40 per cent of a knitting factory in Peking and 37 per cent of a sock factory in Peking.

Total investment in the factories, including the Chinese share, will be about A$3m (£1.5m), according to Pacific Dunlop.

Pacific Dunlop has also agreed to form a joint venture company in Hong Kong with China to participate in further joint agreements.

Seoul may scrap LNG pact

BY STEVEN B. BUTLER IN SEOUL

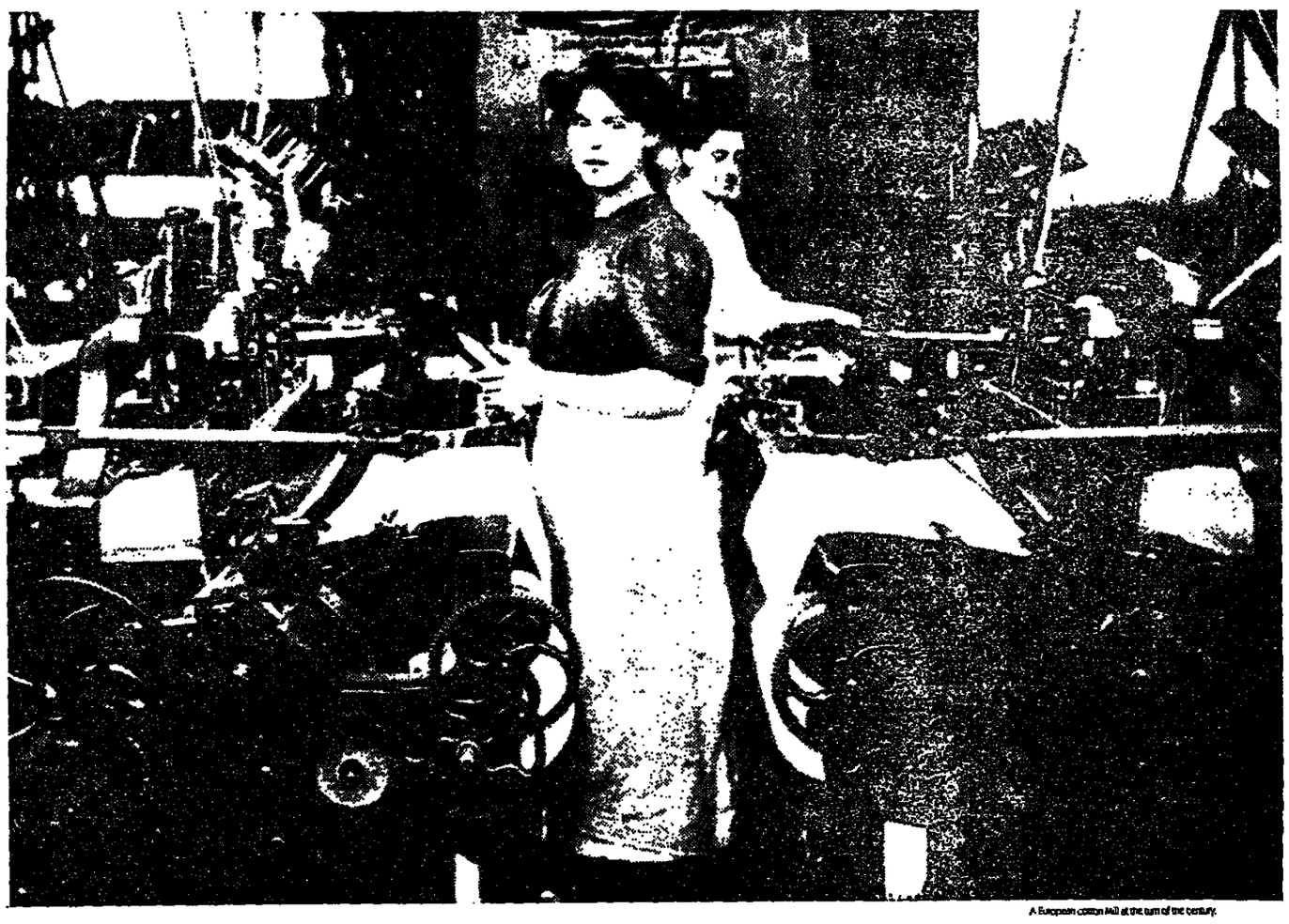
SOUTH KOREA has hinted it might scrap a 20-year liquefied natural gas contract with Indonesia, if Indonesia does not agree to bring export prices closer in line with world market prices.

In 1983, South Korea agreed to import 2m tons of LNG annually beginning in December 1986.

South Korean officials say they have notified the Indonesia Government that a trial shipment of LNG, scheduled for June would be delayed until price negotiations were concluded.

The price of gas is pegged to Indonesia's official export price of crude oil, which was $27 a barrel at the time of signing the contract. Indonesia is reported to want to set its official crude export price at $20 a barrel, while South Korea is insisting on a much lower price.

South Korean officials are reported to have concluded that Seoul would save money by scrapping the contract, even if Indonesia filed suit in the International Court of Justice and won a damage award.



A European cotton mill at the turn of the century.

Michael Holman reports on growing international pressure for economic isolation of Pretoria

Sanctions lobby awaits Botha's next political move

WITHIN the next few days the South African Government is expected to deliver a message which may prove a watershed in the 25-year-old international campaign to end apartheid through economic sanctions.

The seven-member group of Commonwealth "eminent persons" seeking to promote dialogue between black and white in the Republic and pave the way towards constitutional talks will be told by President P. W. Botha whether their proposals—based on the release of detained African National Congress leader Nelson Mandela, and the lifting of the ban on the ANC—are acceptable.

Rejection will signal not only the collapse of the Commonwealth initiative, but set in train efforts to introduce a wide ranging package of measures first outlined by Commonwealth leaders meeting in Nassau last October.

The careful phrasing of the "Nassau declaration," however, reflected the refusal of Mrs Margaret Thatcher, the British Prime Minister, to commit her Government to a policy which she maintains will push whites into an intransigent laager, will harm the country's black majority, and damage the vulnerable economies of neighbouring black states.

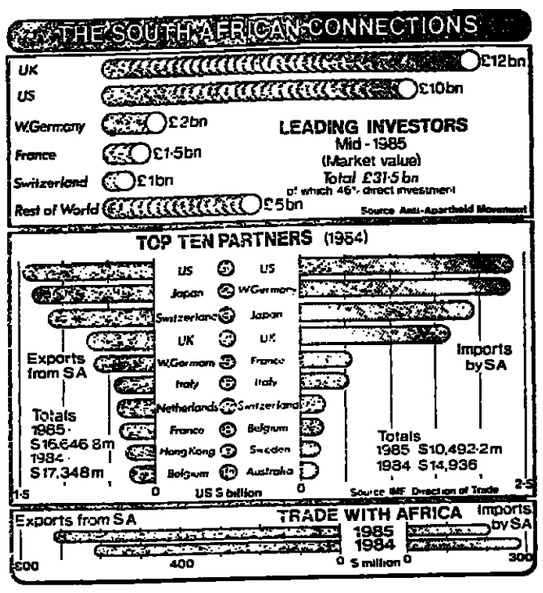
Signatories to the declaration agreed only to "consider" eight new sanctions should the Commonwealth peace effort fail. On the list were bans on air links with South Africa, new investment or reinvestment of profits, imports of agricultural produce, government contracts with majority owned South African companies, and tourist promotion, as well as ending double taxation agreements and stopping all government assistance to investment in, and trade with, the Republic.

These measures, pointed out the Commonwealth leaders, would come on top of sanctions either already in place or soon to be implemetned. In addition to bans on the export of arms, oil and nuclear goods and the discouragement of sporting links, the declaration also endorsed bans—some already adopted by member countries—on new government loans to South Africa, the sale of Krugerrands, computer equipment capable of use by South African security forces, and an end to government funding of trade missions.

Should these combined measures fail to produce "the desired results within a reasonable period," the declaration warns, "further effective measures will have to be considered."

The key word is "effective." In theory the oil embargo should have been a crippling blow to South Africa. But with the Republic willing to pay a massive premium—at one stage, according to some reports, Pretoria was paying $60 a barrel—as well as spending billions of dollars on oil-from-coal plants which today provide an estimated 25-40 per cent of domestic needs, the measure has had limited effect.

Nor has the arms embargo proved effective. Thanks to loopholes in the legislation and, say anti-apartheid supporters, the failure of many western governments adequately to monitor trade, Pretoria has not only managed to acquire much of the technology and material it needs, but has developed a thriving export market.



Of all the boycotts the sporting isolation of South Africa has been among the most effective, but even this is increasingly undermined as South African companies spend small fortunes sponsoring unofficial visiting teams.

A further obstacle to the effective implementation of sanctions is that the fact that South Africa's main trading partners and leading investors—Britain, the US, West Germany, France and Japan—remain opposed to a comprehensive trade embargo.

Anti-apartheid activists, however, argue that the climate of public opinion in those countries is rapidly changing. Pressure on governments will increase, they believe, if the Commonwealth diplomatic initiative in South Africa fails and all 49 member states (with the exception of Britain) call for tougher measures.

The best example, say sanctions lobbyists, of how public pressure can influence companies as well as governments is the growing support for disinvestment and sanctions in the US.

The main success cited is not the limited sanctions package reluctantly imposed by President Reagan last September but the refusal by US banks, prompted by shareholder unease over mounting violence in black townships, to roll over short-term loans to the republic.

This forced Pretoria to freeze repayments of its $14bn (£9.3bn) external debt and begin a rescheduling exercise.

Barely a week goes by without further evidence of US corporate unease about ties with South Africa. The combination of what has been termed "the hassle factor" in the boardroom, and the deteriorating business climate in the republic, has persuaded nearly 10 per cent of the 350 U.S. corporations to reduce their business activities or withdraw altogether in the past 12-18 months.

The Shell Oil company is now the target of a boycott organised by the Washington based Free South Africa Movement, one of the country's largest church groups. It is running a disinvestment campaign aimed at 12 major U.S. companies with South African links including Burroughs, Citicorp, Control Data, Fluor and Ford.

A comparable groundswell has not emerged so far in Britain, but campaigners are encouraged by the pro-sanctions stance of Mr Neil Kinnock, the Labour Party leader. They believe that public pressure for tougher British action on South Africa will mount when the Commonwealth leaders hold a mini-summit in London in late July to discuss a joint strategy following the expected failure of the eminent persons initiative.

White S African miners accept 15.1% pay increase

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S 24,000 white miners have agreed an effective 15.1 per cent wage increase with the Chamber of Mines, the gold and coal mine owners' co-ordinating body.

The agreement comprises a 14 per cent increase in standard pay rates plus improved service and pension conditions which add a further 1.1 percentage point to the settlement.

Last week the Council of Mining Unions (CMU), which represents the white miners in talks with the Chamber, briefly threatened a strike ballot when the Chamber would only agree a 14.6 per cent increase in response to the union's demand for 15.1 per cent.

At this stage industrial action by white miners would probably be counter-productive. Their generally right-wing unions are fighting a rearguard action to preserve white jobs which could be taken by black miners later this year when the government repeals statutory job reservation.

The white unions hope that black miners will continue to be excluded from supervisory jobs reserved for whites by the introduction of literacy or educational barriers rather than barriers based on race.

White union representatives may also have blocking votes on boards established to decide which individuals qualify for appointment to supervisory positions on the mines.

Black wage negotiations begin in earnest today between the Chamber and the National Union of Mineworkers (NUM), which claims to represent about half of the 340,000 black miners on the gold and coal mines. The NUM has asked for a 45 per cent across-the-board wage increase plus other demands—a cut in the working hours from 90 hours to 80 hours, 44 day annual holiday, a holiday leave allowance equivalent to one month's pay, funeral and death benefits and May 1, international labour day, as a paid holiday.

Sierra Leone poll fears

STRICT security is being imposed for today's general elections in Sierra Leone to prevent a repetition of the electoral violence of four year's ago, writes **Peter Blackburn** in Abidjan.

The holding of peaceful and fair elections to the 127-member parliament is seen as a major test for the country's president, Major Gen. Joseph Saidu Momoh, who took over the leadership six months ago.

Previous elections have been marred by thuggery and widespread allegations of vote rigging. Thousands fled across the border into Liberia to escape violence after the 1982 elections and the army was sent in to restore peace.

BASE LENDING RATES

	%		%
ABN Bank	10	Financial & Gen. Sec	10
Allied Dunbar & Co	10	First Nat. Fin. Corp	11¼
Allied Irish Bank	10	First Nat. Sec. Ltd	11¼
American Express Bk	10	● Robert Fleming & Co	10
Amro Bank	10	Robert Fraser & Ptrs	11
Henry Ansbacher	10¼	Grindlays Bank	‡10
Associates Cap Corp	11	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm	10	C. Hoare & Co	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Edward Manson & Co	11
Banque Belge Ltd	10	Mase Westpac Ltd	10
Barclays Bank	10	Meghraj & Sons Ltd	10
Beneficial Trust Ltd	11½	Midland Bank	10
Brit. Bk. of Mid. East	10	● Morgan Grenfell	10
● Brown Shipley	10	Mount Credit Corp. Ltd	10
CL Bank Nederland	10	National Bk. of Kuwait	10
Canada Permanent	10	National Girobank	10½
Cayzer Ltd	10½	National Westminster	10
Cedar Holdings	12	Northern Bank Ltd	10
● Charterhouse Japhet	10	Norwich Gen. Trust	10
Citibank NA	10	PK Finans. Inst (UK)	11¼
Citibank Savings	¶10.75	Provincial Trust Ltd	11½
City Merchants Bank	10	R. Raphael & Sons	10
Clydesdale Bank	10	Roxburghe Guarantee	11
C. E. Coates & Co. Ltd	12	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10½	Standard Chartered	10
Continental Trust Ltd	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11¼	Whiteaway Laidlaw	10½
Exeter Trust Ltd	10½	Yorkshire Bank	10

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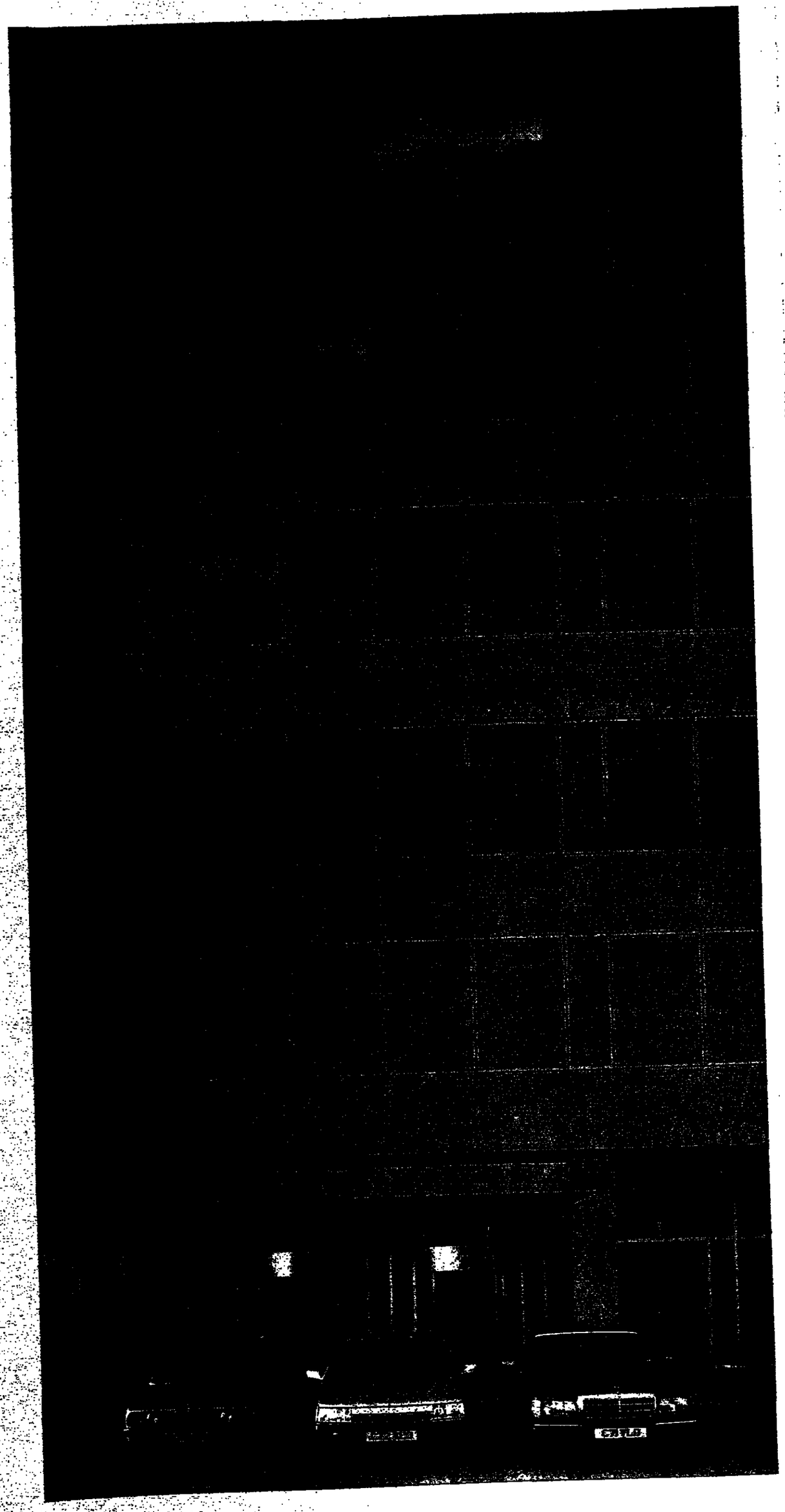

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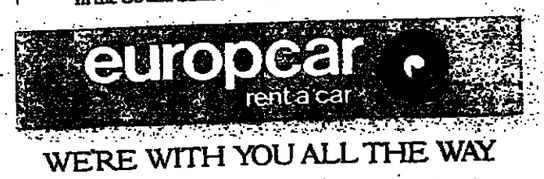

WE'RE WITH YOU ALL THE WAY

Aviation chief calls for expansion of London area airports

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRPORTS in the London area will need additional runway capacity before the end of this century and the Government should start now on planning to meet that need, to avoid congestion and confusion later.

This view is expressed by Sir John Dent, retiring chairman of the Civil Aviation Authority (CAA), in a letter to Mr John Moore, the Secretary for Transport. It accompanies the CAA's recommendations on how to handle the future distribution of air traffic in the London area.

Sir John said 'wishful thinking' should not be allowed to delay decisions to cater for airport needs of the late 1990s and beyond.

Air traffic in the London area, currently running at about 50m passengers a year, is forecast to rise to about 60m by the end of this decade. It is expected to reach well over 70m a year by the mid-1990s and perhaps as much as 118m a year by the end of the century.

The CAA was asked last year by Mr Nicholas Ridley, then Transport Secretary, for advice on how to handle the distribution of air traffic between the main airports – Heathrow, Gatwick and Stansted – in order to maximise their development within the restrictions laid down by the Government.

These included no second runways at either Gatwick or Stansted, but approval for the fourth terminal at Heathrow (now open), a second terminal at Gatwick (to open in 1988), and redevelopment of Stansted to cater for 7m to 8m passengers a year (to be ready by 1990).

A fifth terminal at Heathrow is still an option for further consideration if traffic demand at that airport requires such a development. The CAA makes clear in its report that its present recommendations for distributing traffic between the three airports are not as satisfactory as it would like them to be, because of environmental and other restrictions imposed on civil aviation.

It suggests a limit, but not a complete ban, on charter flights at Gatwick during peak hours; the removal of some domestic services from Heathrow to Gatwick; restrictions on business aviation, air taxis and all-cargo flights at peak hours at both Heathrow and Gatwick; and if those measures are not enough, perhaps a restriction on some international services from Heathrow. Sir John points out that even these measures are "barely tolerable" to the travelling public and the airlines.

"The restriction and displacement of air services will, at the least cause inconvenience to a number of scheduled service passengers, most of them travelling on routes from the more remote parts of the country, as well as to a larger number of charter passengers in the south-east of England.

"It will also mean financial disadvantage, in some cases severe, for some of the operators affected, both scheduled service and charter. General aviation, too, will face more difficult times at Heathrow and Gatwick than it does even now."

Sir John says that it is clear that what the CAA recommends "is no more than a palliative, and possibly a short-term palliative at that," to the problem of growing air traffic in the London area.

No amount of research or radical changes in air traffic control would make it possible for the existing runway systems at Heathrow, Gatwick and Stansted to accommodate more movements than could be foreseen.

● The fall in the number of US visitors to the UK so far this summer has cut the numbers of passengers handled by London's airports, although elsewhere the volume of traffic remains high.

The British Airports Authority says that in March and April combined, the number of passengers handled at Heathrow, Gatwick and Stansted gained only 0.5 per cent, as a result of falls in traffic of 2 per cent at Heathrow and 7.8 per cent at Stansted. Only Gatwick showed a gain in the period.

Air Traffic Distribution in the London Area, CAP 522, available from the Civil Aviation Authority, London, £2.

Size of shipping fleet 'will decline further'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITAIN'S merchant shipping fleet would shrink to virtual insignificance by the mid-1990s unless the Government took action, Mr Garry Runciman, the new president of the General Council of British Shipping (GCBS), said yesterday.

The UK fleet has fallen to just over 15m deadweight tons from a peak of 50m dwt in 1975. Mr Runciman said a further decline was inevitable. As in previous years, the GCBS is calling on the Government for supportive measures but not subsidies.

In his first address to the GCBS as president, Mr Runciman asked: "Is the Government indifferent to what is happening? Or does it believe that there is a minimum below which the UK-owned and registered fleet must not be allowed to fall?"

He said the GCBS had tabled amendments to the Finance Bill that would, if passed, restore the fiscal advantages which had been removed in recent budgets. But he said: "If nothing is done, the UK-owned and registered fleet will by 1995 have shrunk to almost total insignificance, except in one or two specialist fields."

Apart from the UK-owned tonnage sailing under the UK flag, he noted that about 6.5m dwt was being operated under foreign flags.

The continued decline of the UK flag fleet he said, would result from owners selling off ships they could no longer run profitably and from a continued move to cheaper overseas registries.

The present surplus of world merchant tonnage totalled between 100m and 150m dwt.

At the moment, ordering of new ships by UK shipowners was negligible, Mr Runciman said. Only about 250,000 dwt was being built for the UK fleet.

Customer interests are 'ignored' by companies

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

COMPANIES which sell faulty goods, break delivery dates and ignore after-sales service, were strongly criticised last night by Mr Michael Montague, chairman of the National Consumer Council.

Speaking at Oxford Polytechnic, he said that industry was suffering because it concentrated too much on production criteria and not enough on consumer considerations.

"Losing consumer support can be commercially terminal," he said. "The motorcycle industry and typewriter industry both found this out the hard way."

Many companies had a "sloppy" attitude towards consumers. "There cannot be a consumer in the land who has not waited in vain for a new three-piece suite to arrive or a plumber to put in an appearance," he said. "It defeats me how companies can put such a high value on their time and so little value on the time of the average consumer."

Foreign suppliers were more geared to meeting the servicing needs of consumers because they were physically divorced from the UK market. "It is ironic that some firms in this country have better organised service arrangements overseas than they do at home," he said.

Panel seeks assurances to avoid bid conflicts

BY CHARLES BATCHELOR

THE TAKEOVER Panel yesterday set out its guidelines for maintaining Chinese Walls – barriers of confidentiality – between the corporate finance and trading departments of the financial conglomerates which are being formed in the City of London.

The panel, which oversees the conduct of takeover bids, is particularly keen to establish rules governing the trading of shares in a company involved in a bid when the trader or market maker is part of the same organisation as the financial adviser to one of the companies.

Comprehensive rules will be published later but the panel wants to establish the conditions under which such dealings can take place in the run up to the Big Bang, the radical change in the Stock Exchange's rules, in October.

The panel said it was prepared to accept the line taken by the Stock Exchange and regard the market-making activities of the financial conglomerates as being run in a fully independent manner from their corporate finance departments.

The panel will, however, again on the lines adopted by the Stock Exchange, require formal undertakings from the financial groups that this independence will be maintained.

If the panel did not take this line it would have to regard the market-makers as associates of one of the companies involved in the bid and require them to disclose their holdings.

Another possible way of preventing conflicts of interest would have been to close down the market-making activities of the group in the stocks concerned. But with only one or two jobbers making markets in some stocks this might result in the prevention of any dealings in these stocks.

The panel will make one exception to its general rule. It will not allow the corporate finance arm of a financial group to advise a bidder while at the same time permitting the stockbroking or market-making arm to advise the defending company.

The stockbroking arm of the combined group would, however, be able to act as broker to the other side in a contested bid.

The panel said it expected other issues to arise from the formation of the new financial groups over the next few weeks and it encouraged them to consult it if problems occurred.

The financial conglomerates have until recently been prevented from taking more than 29.9 per cent of their new broking and banking subsidiaries, but they are now allowed to move to full control.

Campaign launched to improve design within six industries

BY FEONA MCEWAN

SIX BRITISH industries, regarded as most under siege from imports, are to be the target of a government-backed design initiative.

The chosen six are clothing, furniture, domestic electrical appliances, electronic consumer goods, engineering components and power generation equipment.

Each industry will receive a series of recommendations geared to its own needs, suggesting better ways of using design as a strategic tool across the entire manufacturing process.

The guidelines are the results of an eight-month investigation by a working party of designers and management experts set up by the National Economic Development Council to examine the use of design in British industry.

The council, on which government, employers and trade unions are represented, has given its general approval to the recommendations.

The working party, headed by Mr James Pilditch, founder of Aidcom International, one of the world's leading design consultancies, commissioned a research project into best practice in the world's top companies to see what they were doing right, and another project among UK companies to see what they were doing wrong.

It also commissioned the first attempt at charting the infrastructure of the British design industry. The views of leading UK retailers were canvassed.

The clear message from the working party is that British industry has some fundamental lessons to learn if it is to remain competitive in the face of Japanese, US and other European manufacturers.

What sets top companies such as Sony, IBM, Ford, Canon and Philips apart from so many UK manufacturers, is appears, is close monitoring of the competition, regular market research, a keen ear to suppliers's needs and a view of design as pivotal to the whole production process.

Another primary difference is structure. A world leader tends to work and on multi-disciplinary lines, uniting marketing people, designers, financiers and research and development experts into one team. Most British companies are structured in a conventional pyramid autonomous units. Market-leading companies were found to sell on quality not on price and on speed of development and production.

Specific recommendations will be sent to influential bodies in the City of London. "Its short-term view of investment is very debilitating to new product development," Mr Pilditch said.

After the initial six industries have received the recommendations, it is hoped that the message will be spread selectively to many other industries in the UK. Professional and trade associations will be asked if they will allow the working party to present its findings

"Action packs" have been devised to send to individual companies with the aim of inspiring them to rethink their approach to design and there is a plan for teams of "ambassadors" to visit companies.

In its recommendations to the council, the working party stressed the need to encourage boards of companies to put new product development firmly on the agenda, to encourage multi-disciplinary teams and to encourage companies to improve their products incrementally as well as to take large innovative steps.

Thatcher agrees to inquiry into 'short fat warship' controversy

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MRS MARGARET THATCHER, the Prime Minister, has agreed to the appointment of an independent inquiry into a long-standing controversy over the design of British warships which has pitted the Royal Navy against a small British company of ship designers for much of the past decade.

The inquiry, whose chairman has yet to be announced, will judge whether the navy was right to reject the radical concept of a short fat warship which it is claimed could be as efficient and 25 per cent cheaper than the traditional long thin design.

The Prime Minister's decision to agree to the inquiry, announced yesterday, was claimed as a victory by Lord Hill Norton, former Chief of Defence Staff. Lord Hill Norton yesterday published a report of an unofficial inquiry into the issue which he has chaired over the past year. Mrs Thatcher was given a copy of the report – which called for an inquiry by a judge or Queen's Counsel – a month ago.

British defence ministers rejected the short fat design in late 1983 when they decided that the new Type 23 frigates should be built along traditional lines. It was alleged that a short fat warship would be unstable in high seas and would have neither the manoeuvrability nor power needed for anti-submarine operations.

The decision appeared to signal the end of the road for Thorneycroft Giles Association, the small ship designing company which had fought hard to have its Sirius 90 design for a short frigate accepted by the Ministry of Defence (MoD).

The new inquiry, which the MoD yesterday acknowledged would review the reasons for the rejection of the S90, reopens the possibility that future warships, including a planned Nato frigate for the 1990s, might be built to the radical design.

The Hill Norton report alleges that ministers rejected the S90 b cause they had been given expe advice by officials which was bo wrong in fact and unsound a flawed in judgment.

Andrew Fisher writes: Sw Hunter, the Tyneside warship yar is expected to spell out next we the full extent of the redundanci about which it has made sever warnings.

Since the newly privatised ya lost a £130m naval order to stat owned Harland and Wolff of Belfa last month, it has been faced with declining workload for its desig and construction workers.

The yard employs 4,500 people. has said that up to 1,000 employe could be made redundant by th end of this year and a further 1,0 in 1987. It gave no details of th likely job losses yesterday. Th yard has also been looking for othe types of engineering and desig work to cushion the impact of th declining naval order book.

Sogat branch loses court action

BY PHILIP BASSETT AND HELEN HAGUE

LEADERS of a London branch of the print union Sogat '82 last night failed to obtain a High Court injunction to prevent their union from holding a postal ballot on News International's final offer aimed at ending the dispute over the company's printing plant at Wapping, east London.

The High Court's rejection of the claim, which came as the NGA craft print union decided to ballot its NI members on the offer, was immediately welcomed by Ms Brenda Dean, Sogat's general secretary. She said that the members' "democratic right to vote" had been upheld.

Mr Justice Saville, sitting in private, accepted that Sogat's London machine branch had a technical case in its argument that the postal ballot sent direct to members' homes contravened the union's rules, which featured a mandatory provision that ballots must be distributed by local union officials.

The judge held, however, that given the company's deadline of next Friday for a ballot response on its offer of a total of £50m compensation to sacked workers and its former Gray's Inn Road plant, under a balance of convenience it would be improper to grant the injunction.

Sogat gave an undertaking to the court that any members who had not received ballot papers from the union's head office would be able to obtain them from branches.

Mr Charlie Cherrill, machine branch secretary, said he was disappointed in the result, but added: "We have established that there has been a breach of the rules." The branch would be campaigning against the offer.

The failure of the branch's attempt makes acceptance of the offer more likely by Sogat members. After the decision of the NGA national council to ballot its members, Mr Tony Dubbins, NGA general secretary, said that if Sogat did accept the offer, the NGA would face considerable problems trying to continue the dispute alone.

Productivity row disrupts mail

BY MANI DEB

FEARS OF widespread disruption of postal services in Britain grew yesterday over a productivity dispute between the Post Office and the Union of Communication Workers.

The disruption coincided with the union's rejection of an improved 5.5 per cent pay offer which would add about £80m a year to the Post Office wages bill. The union claimed that the offer represented an improvement of only 5.1 per cent.

A number of post offices in the Leeds area of Yorkshire and in London held a one-day strike yesterday over the productivity dispute. Some 8m letters were delayed.

Mr Alan Tuffin, general secretary of the union, said the strikes over new work schedules were likely to snowball and there was a strong possibility of a long stoppage.

Leeds, where the action began after a ballot, was without postal services last night as 700 workers who tried to resume work, were warned by the management that their disruptive action had been in breach of their contracts. This led to a resumption of the stoppage.

Sympathy action followed by postal workers in other parts of Yorkshire and in London.

Commenting on the pay offer, M Tuffin said that the managemen was juggling with figures. Ne money on offer was worth only 5 per cent. By rescheduling the mo ey already earned it could be take to represent 5.5 per cent. The prev ous offer was worth only 4.8 p cent in new money.

Settlements in the public sect industries, such as the power wor ers and the water workers, ha been close to 6 per cent, he added

The Post Office said last nig that it was willing to meet union o ficials any time to discuss the pro uctivity dispute "but without pr conditions."

Sizewell reactor 'vital' to power plant industry

BY MAURICE SAMUELSON

A DECISION on whether Britain should go ahead with construction of the Sizewell B nuclear power station – a pressurised water reactor – on England's east coast, is crucial to the short-term prospects of the country's power station building sector, according to a memorandum submitted to the National Economic Development Council (NEDC).

Dr Eric Booth, chairman of the NEDC committee on heavy electrical machinery, says a lack of new power station orders is sapping the manufacturers' strength and technical abilities.

He warns that delays in ordering new generating capacity could mean that substantial imports of plant may be necessary when orders finally revive.

Although compiled before the Chernobyl nuclear disaster, the memorandum demonstrates growing anxiety that public opinion may be moving against the extension of Britain's nuclear generating capacity.

It is published against the background of Britain's need for more generating capacity in the early 1990s and the Central Electricity Generating Board's (CEGB) wish to build eight new power stations by the end of the century. If the PWR is overruled, the CEGB says it will proceed with other forms of nuclear plant or additional coal-fired capacity.

Dr Booth warns that the industry would have to reduce employment again and consider restructuring "should orders fail to materialise in the near future." His forecast has since been overtaken by last week's announcement of 800 redundancies by Northern Engineering Industries on Tyneside.

The sector, comprising suppliers of power plant, transformers and switchgear, consists mainly of a few large companies and some 30 plants. Following the NEI redundancies, the workforce is down to 41,700 from 56,000 in 1978.

Nearly half of last year's turnover of £1.35bn was exports. But with the world market also slack, there is severe price competition

Over the last three years the UK's share averaged 10 per cent, compared with 14 per cent previously.

According to Dr Booth, the next few years' work in the home market will be "at a very low level," geared to plant refurbishment and spares, amounting to £100m a year. However, a favourable decision on Sizewell B would yield some £150m a year, rising to £200m with a second station.

From the early 1990s, forecast orders are at the rate of 2,000 MW a year, increasing to about 3,000 MW a year before the turn of the century.

The CEGB is expected to wait until the end of the year to see the outcome of the Sizewell inquiry. While officially optimistic that nuclear power will not be killed off by the Chernobyl accident, it is preparing to draw up alternative plans in case of a moratorium on PWRs.

If rapidly growing electricity demand forces the CEGB to build new plant quickly it is expected to begin with a coal-fired station consisting of 660 MW generating sets, like that being completed at Drax, North Yorkshire.

Europe advised to count cost of 'cautious' telecom policies

BY ELAINE WILLIAMS

FINANCIAL TIMES CONFERENCE

Telecommunications

RESTRICTIVE monopoly practices have cost European telecommunications authorities $20bn a year in missed business opportunities and reduced the equipment market by up to $30bn, Mr Malcolm Ross, telecommunications specialist with consultants Arthur D. Little International, said yesterday.

Speaking at the Financial Times conference on Telecommunications and the European Business Market he gave a warning that Europe was likely to suffer further if it did not change its cautious telecommunications policies.

Fragmented national markets for telecommunications in Western Europe which supported domestic suppliers had led to a serious structural problem in the European manufacturing industry.

Mr Ross said that this situation was compounded by the dependence of telecommunications authorities (PTTs) on government funding and which prevented PTTs from "fully pursuing the opportunities open to them."

He called for speedy and effective changes in the relationship between governments and the PTTs to allow a response to present and future telecommunications needs.

He advocated that Europe's only hope was to follow the British example where deregulation has led to the emergence of a new range of service providers and a more favourable environment for venture capital investments.

Support of national suppliers had led to duplicated research in public telephone exchanges and lack of development in "telematics" – equipment which linked telecommunications to office automation and data processing products and services. Mr Ross estimated that market potential in equipment sales was between $20bn and $40bn a year by 1993 in the European Community.

Mr Ernst Weiss, director for administration in Europe of Data General and a former president of the International Telecommunications User Group, said that development in policy had lagged behind the technology. This had resulted in protection of domestic industry at the expense of increased costs to foreign companies because of telecommunications barriers.

Mr Weiss believed that there was a fundamental need for a free international flow of information which allowed companies to choose from any national or international telecommunications service. He said that pressure was already growing for such provisions from many international trade associations.

The effect of better international communications had already resulted in an increase in international trade in the service industries from $86bn in the 1970s to $620bn in the 1980s.

Mr Robert Bruce, former general counsel at the US Federal Communications Commission, and now a partner at Debevoise & Plimpton in Washington, said that if Europe wanted to learn any lessons from the US deregulation experience, then it should look not at the competition issue but at the regulations.

Europe would have to face a number of key issues such as the definition of services, market entry policies, pricing issues, access arrangements, a broad array of safeguards to ensure the development of fledgling competition and even issues of market fragmentation, which had already been addressed in the US.

Mr Bruce said that the most valuable lesson to be learnt from the US experience might be in the difference between the US and European markets, particularly the "elements of the US equation that are missing in Europe such as regulatory mechanisms, dealing with the fragmentation of regulatory authority and developed policies for dealing with anti-trust or competitive issues."

Mr Henry Ergas from the Organisation of Economic Co-operation and Development (OECD) in Paris, emphasised that greater international competition was also dependent on encouraging the creation of international technical standards which allowed linking of telecommunications equipment.

He said that it was important that standards were genuinely open – that they neither "disturb the competitive process or close off the prospect for technical advance."

Mr Don Dutton, vice president of corporate markets at Mitel, the Canadian telecommunications manufacturer in which British Telecom recently bought a 51 per cent share pointed to the difference between approvals in North America and Europe. Companies trying to sell into the European market often faced lengthy equipment approvals.

Mr Dutton said that only in Italy, where there was relatively short approvals time, did the market attract a large number of competing companies. He also said that in the US deregulation benefited manufacturers by opening up new business opportunities and lowered prices to customers. "We need to achieve a workable world telecommunications standard, focused on the needs of the customer," Mr Dutton said.

Mr Richard Hooper, chief executive of British Telecom's Value Added Systems and Services division gave a warning, however, that those who supplied value-added networks or information services in this market had to make a high capital investment before the revenue flowed in. They also faced increasing competition.

Mr Peter Smith, international communications manager at Reuters, said that his organisation spent £17m last year on advanced systems and equipment. "To maintain the growth of services and match the expanding subscriber base worldwide, we are in the final stages of testing a major new high-speed global communications network for the delivery of securities and foreign exchange and other databases," he said.

Reuters' biggest market was in providing information services to the financial sector, which was itself going through a major upheaval in the UK with deregulation of the City of London set for October 27 this year.

Mr David Fachiri, marketing director of NMW Computers, which is a leading supplier of information technology to the City of London, saw the "Big Bang" as accelerating the growth of telecommunications networks. He believed that the future success of companies would be based on the efficiency and extent of their communications networks.

Hopes of devolution to Ulster may fade with Assembly

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT'S heavy hints that the Northern Ireland Assembly will soon be scrapped led one member of the Rev Ian Paisley's Democratic Unionist Party (DUP) to exclaim that it would be "the last nail in the coffin of democracy."

Such is the language of Ulster politics, but if the Assembly does go – and that looks almost inevitable – it will mark the burial of the Government's hopes of devolving powers back to a local administration, at least for the foreseeable future.

It would also kill off a system of scrutiny by committee which even the Assembly's detractors have been forced to admit was proving helpful in influencing the Government's treatment of Northern Ireland affairs.

The Assembly was given life under plans initiated by Mr James Prior, the former Northern Ireland Secretary, for "rolling devolution" through which powers could gradually be returned if there was sufficient "cross-community" support.

But the Assembly was born as a sickly child. In the run-up to the October elections in 1982, the main constitutional nationalist party, the Social Democratic and Labour Party (SDLP), decided to run for the four seats but not to take them. Sinn Fein, the political wing of the IRA, also ran on an abstentionist ticket.

To many people this made a mockery of the Government's intention to seek agreement on devolution. Mr Prior had to concede that, for the time being, the Assembly could work only "in its limited form." He was ready to believe the SDLP might change its mind but the hope proved groundless.

In the elections the Official Unionist Party, led by Mr James Molyneaux, was returned as the largest party with 26 out of the 78 seats. The DUP won 21, the SDLP 14, the non-sectarian Alliance Party 10, Sinn Fein five and Independent Unionists two seats.

On November 11, 59 members took their seats. The opening session was hardly the dawning of a new era in Irish politics. The Assembly elected a Speaker (chairman) and the parties began trading over committee chairmanships.

Soon, however, the Government's approach changed fundamentally, with a recognition that rolling devolution would not roll without the SDLP and that progress might be made through a formalisation of links with the Irish Republic.

It was easy then for the cynics to belittle the role of the Assembly but, putting aside its function as a vehicle for constitutional change, there were positive achievements. The work of the committee in particular won praise.

The signing of the Anglo-Irish agreement last November, however, was the signal for the Unionist rump to sweep aside the normal business and use the forum to intensify its protest campaign against the accord.

Mr Tom King, the Northern Ireland Secretary, now sees little chance of a local administration arising from the Assembly. He says its debates did nothing to lessen tension. Within weeks, he is likely to wind it up to avoid fresh elections when the four-year term ends.

He wants the issue resolved before the Unionists' summer marching season begins in earnest.

After that Northern Ireland looks set for another long spell of direct rule from Westminster.

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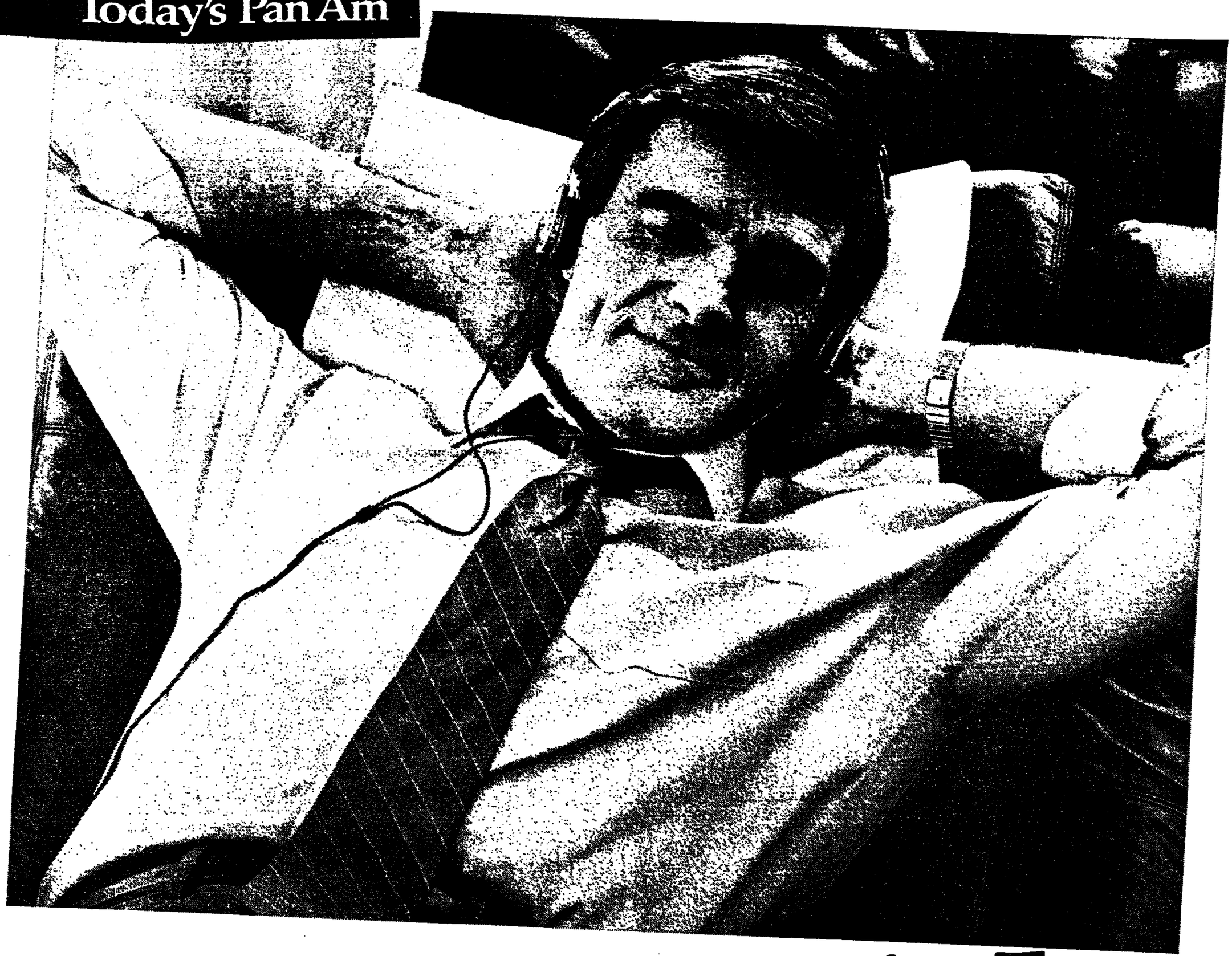

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Daimler-Benz

A change of gear but how to steer?

Jonathan Carr outlines the challenge *facing the West German group after* its three major acquisitions

"YOU KNOW, we really *enjoy* building cars," said a smiling Werner Breitschwerdt, chief executive of Daimler-Benz, with boyish enthusiasm.

His remark, at an informal supper in Stuttgart this month, touched the heart of the conundrum which the company now faces as it agonises over how to control — and exploit — the remarkably rapid diversification on which it has embarked over the past 18 months through *three major takeovers.*

This would be a tall order for any company, even one far more practised in diversified acquisitions, and with much more experience of decentralisation. Unlike many large industrial companies outside West Germany, Daimler has so far eschewed divisionalisation, and is still structured along functional lines.

The traditional obsession of Daimler's management with vehicle manufacture helps explain the company's extraordinary strength and profitability. It is undoubtedly one of the world's star *performers* in an intensely competitive industry. But this long-standing asset could now prove a major weakness as the company branches out swiftly into new fields as broad as aerospace and electrical appliances.

Cross-company synergy

To a considerable *extent,* Daimler's acquisitions of MTU (engines), Dornier (aerospace) and AEG (in a wide range of electrical products) makes sense. As well as providing a new diversity to help Daimler compensate for downturns in cars and trucks, they could stimulate the sort of cross-company technological collaboration which would justify the overused epithet of "synergy." The company stands to gain both an insurance policy and a business catalyst, not unlike foreign rivals such as General Motors (which bought Hughes aircraft and the EDS computer group) and Chrysler (which took over Gulf aerospace).

That is the aim. The question is whether despite its excellence —indeed partly because of its excellence—Daimler has too narrow an experience and focus to make the best of its new potential.

The overt expression of the company's dilemma is the question of what sort of organisational structure should be erected to control the empire. The Daimler executive board is set up to deal solely with vehicle manufacture, sales and marketing (with just one member responsible for the company's "other" industrial holdings). *But behind this difficulty, which* should be settled soon, lies a much more complex problem of psychology and history.

You do not have to be at Daimler-Benz for long to realise that it is not only for Werner Breitschwerdt that vehicle making is not so much a job as a passion and a way of life. You can sense it in the air, in the way people (not just top managers) talk about tradition and quality — even in the layout of the headquarters in the Stuttgart suburb of Unterturkheim. The centrepiece there is not the administration or factory building but rather the resplendent Daimler-Benz museum, where diligent cleaners armed with mops and dusters flutter among already spotless vehicles up to a century old.

The Daimlerites naturally show satisfaction (but no more than that) in announcing that group net profit rose last year by 52.4 per cent to DM 1.7bn (£500m)—a figure which in any case greatly understates Daimler's true earnings strength. They also note, almost in passing, that demand for Mercedes cars in all model categories still exceeds supply —and that it is better to be "drawn on" by the market rather than to "push" it. "Daimler never really had to sell its products," remarks a somewhat rueful executive in a rival concern. "It simply made things people wanted to buy."

That judgment is somewhat exaggerated — witness the *struggles of Daimler (and all* other manufacturers) in the depressed commercial vehicles market. But it helps capture that sense of ease and assurance with which the Daimler enterprise, like its limousines, has generally travelled—so far.

Was there an economic recession in West Germany during the past decade? You will find little evidence of it in the accounts of the Daimler parent company, which show profits and the labour force increasing every year. Daimler, like its Unterturkheim *home where vineyards* reach almost to the factory gates, has the air of an oasis where business flourishes and jobs do not dry up.

Much the same is true, of course, of that whole Swabian part of southern Germany where *the company is based*—and from which it draws much of its management, including at senior levels. Qualities of diligence, canniness and thrift have helped mightily to bring into the region thriving industry and low unemployment. Daimler, *along perhaps with its close* neighbour Robert Bosch, is the Swabian flagship. It is, in that positive sense, a provincial company — and up to now a "narrow" one that has stuck to what it knows best.

All that is now changing with a vengeance. Since early 1985 Daimler has spent DM 2.6bn to take full control of MTU (engines for civil and military use), as well as majority stakes in Dornier (aircraft, aerospace, *electronics and other high* technology equipment), and AEG (the once-ailing electricals concern). The spending spree has boosted Daimler's turnover by about a third, making it the country's biggest industrial group in sales terms (around DM 66bn this year). And it has given it a product range from refrigerators and washing machines through data processing and robotics to satellites.

How is Daimler, the "good *cobbler who long stuck to his* last," going to cope with all this? Breitschwerdt says the different companies will retain their identities but must work together.

"Any company which takes over three others in so short a time faces a big problem of digestion," comments one West German management consultant. "It has a much bigger one when the acquisitions are in different sectors. Daimler is *trying to do what few companies* anywhere have really succeeded in doing."

That said, neither MTU (1985 turnover DM 2.7bn) nor Dornier (turnover DM 2.1bn) presents Daimler with its main integration challenge. Daimler knew MTU well for years before taking over the 50 per cent stake it did not already hold from the MAN engineering group in early 1985. As for Dornier, many there welcome *Daimler as a new factor of* stability after the scrapping and snarling among the former Dornier family owners which had gone on for years.

Then in the autumn came AEG, and with it a problem of quite another order. This is not just a matter of size, although with a likely turnover this year of more than DM 11bn, AEG alone will make up around one sixth of the turnover of the whole Daimler group. The real difficulty is that the two concerns could hardly be more different.

Daimler concentrated on one main product sector, AEG on many. Daimler consistently made profits, boosted its labour force and watched its share price soar. AEG nearly went bust, chopped its labour force and saw its share price plummet. To put it bluntly, people automatically identified the name of Daimler with all that was best in German industry, and that of AEG with much that was wrong with it.

True, both the reality and image of AEG have improved over the past few years. Ironically, that is part of the problem. Under a new (Swabian) chief executive, Heinz Dürr, AEG struggled through the trauma of a court-regulated debt settlement, underwent a drastic slimming cure and is now making modest profits again. It did all that, and is understandably rather proud of the result. "We could have survived without Daimler-Benz," Dürr himself said recently.

The initial reaction among many at AEG to the takeover by the "shining star of Stuttgart" was that the company would now be able to pursue its course far freer of financial worries, and that jobs would be more secure. Subsequently, though, question marks have emerged about what Daimler may really have in store for AEG—despite efforts by the new owner to be reassuring.

For example, Daimler may be more than happy to hold on to high technology AEG businesses such as satellite and automotive technology. But will it want in the long run to see AEG maintain its household goods division (15 per cent of sales), which even Dürr initially wanted to give up but then reconsidered?

Daimler faces two difficulties if it tries to introduce radical changes at AEG. One is that although Daimler aimed for a full takeover of AEG it so far has a stake of just 56 per cent and it is unclear when it might be able to obtain the other shares, which are broadly placed. Daimler holds the majority, but not quite the room for policy manoeuvre that full ownership would convey.

The second problem is that it would be very hard indeed to cut any sector of AEG without bringing a sharp drop in morale in others. "Here we go again," would almost certainly be the reaction among AEG's sorely-tried management and workforce.

One firm action Daimler could take to back up its verbal assurances would be to appoint Heinz Dürr to its executive board. He is widely popular at AEG (in marked contrast to some of his predecessors), his contract runs at least to 1990 and many in the company would be relieved to know he was privy to the discussions in the new owner's "inner circle." But that raises in a different sense the question of what kind of executive board is best suited to the changed structure of its business.

At present the Daimler board has nine members (one of them a deputy), with one person each responsible for sales, production, materials, finance and so on. It would hardly be the best solution simply to add Dürr, perhaps along with the bosses of MTU and Dornier, and leave it at that. The stated object of Daimler's acquisitions policy, after all, is to foster cross-fertilisation of ideas and technology.

Actively involved

One answer might be to create an enlarged executive board within which there would be an "inner circle" directly responsible for overseeing and encouraging synergy throughout the group. Another possibility would be to have board members take charge of group sectors like aerospace or electricals across individual company lines. One idea evidently out of favour is that the group be divided into "vehicle" and "non-vehicle" sectors under a holding board. While that might seem to have superficial attraction it also has, as one Daimler man noted, a crucial drawback.

"Virtually none of our executives," he pointed out, "are the men to sit happily on some kind of distant holding company. They want to be close to the business, as they always have been, and actively involved in it."

Daimler has been wracking its brains over this conundrum for months.

The management's hope is to have a plan ready to be announced by the time of the annual shareholders' meeting on July 2. A great many people are waiting eagerly to see what emerges — those who wish Daimler well and rivals at home and abroad, who would not be sorry to see the Stuttgart star lose its lustre.

THREE men, two of them Swabians and one a Berliner, are *playing especially key* roles as Daimler-Benz makes its "great leap forward." One is Werner Breitschwerdt, the 58-year-old chief executive, who has had a copy-book career at Daimler. Born and bred in Stuttgart where he studied electrical engineering, he joined the company in 1953, became a (deputy) member of the executive board in 1977 and got the top job in late 1983. A brilliant technician, he guided Daimler's research and development for years and was responsible, among many other things for the *emergence of the top-of-the* range S model passenger cars, as well as the relatively new compact 190 series.

The late Gerhard Prinz, former chief executive, strongly favoured Breit*schwerdt to succeed him.* But it is no secret that when the 20-member supervisory board voted for a new boss, all nine labour representatives came out against Breitschwerdt.

They preferred the finance chief, Edzard Reuter, who, unusually for a top manager, is a member of the Social *Democrat Party (SPD).* Indeed Reuter's father, governing mayor of Berlin during the 1948-49 airlift, was one of the outstanding figures in the post-war SPD. The labour representatives on the board stressed they had *nothing personal* against Breitschwerdt, but that they felt Reuter had broader experience and vision to lead Daimler into the 1990s.

Born in Berlin in 1928, Reuter is certainly one of the *most eloquent of West* German executives on broader social and economic, as well as financial isues. It was on the basis of his draft proposals that the Daimler board decided in 1984 to go ahead with a diversification programme. And it was Reuter, closely aided by Daimler's ebullient production director, Werner Niefer (a Swabian), who was most active in pressing the MTU, Dornier and AEG deals. Many outsiders see Reuter as the "real dynamo" at Daimler. This may do an injustice to Breitschwerdt who — like *Karlheinz Kaske of Siemens* —is more effective inside the company than his public image tends to suggest.

The third member of the trio, Heinz Dürr, chief executive of AEG, also has a rather deceptive public image. He looks more youthful than his 52 years, is engagingly friendly, loves modern art and has an apparently inexhaustible store of jokes (quite a lot against himself). But there is steel below the surface. Without it he would not have been so successful a negotiator for the employers' side in tough wage talks with the metalworkers trade union in the late 1970s. And he would certainly not have been able to drag back AEG from the brink of the abyss a few years later. The likelihood is that Dürr will shortly join the *Daimler board. He has at* least one other useful attribute for the job. Like Breitschwerdt, he was born in Stuttgart.

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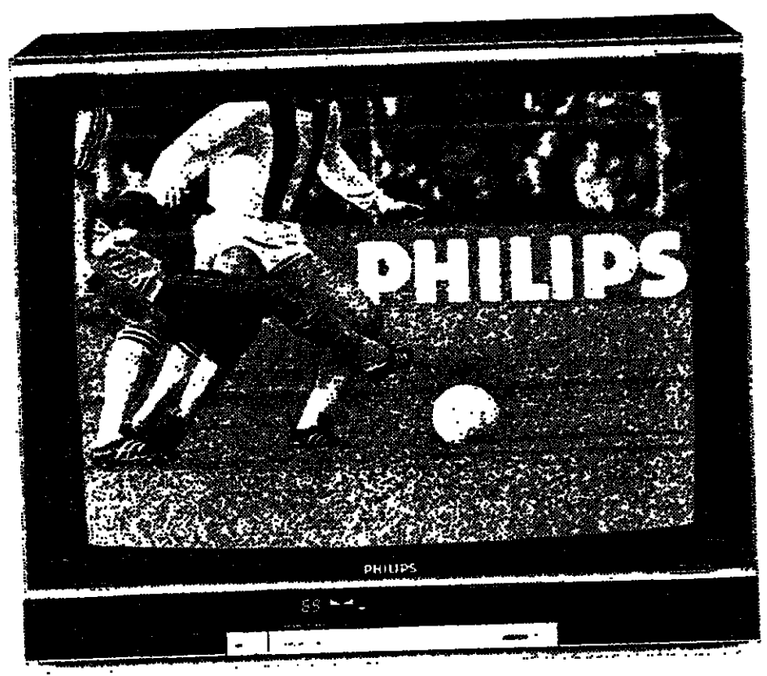

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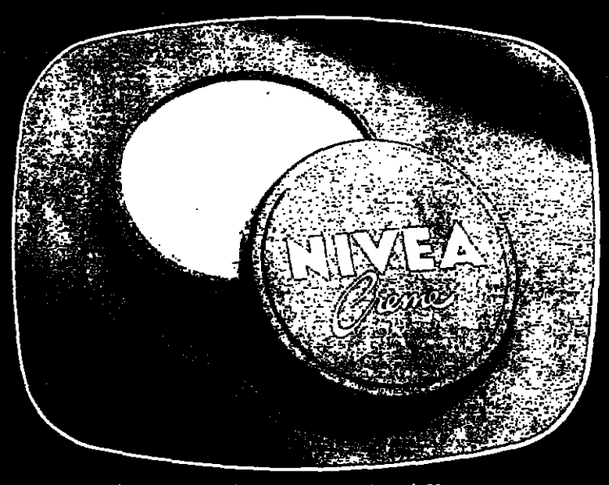

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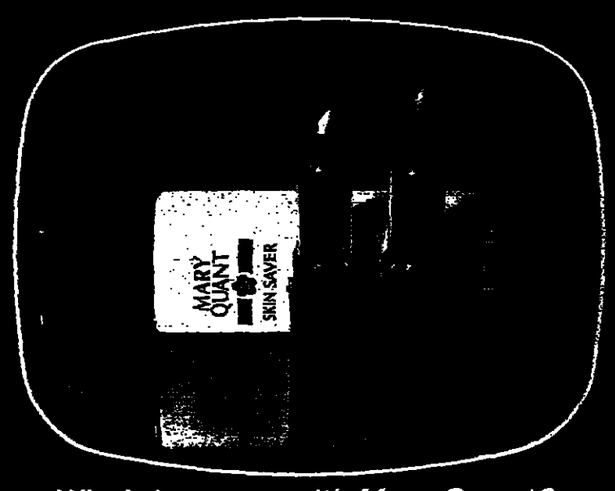

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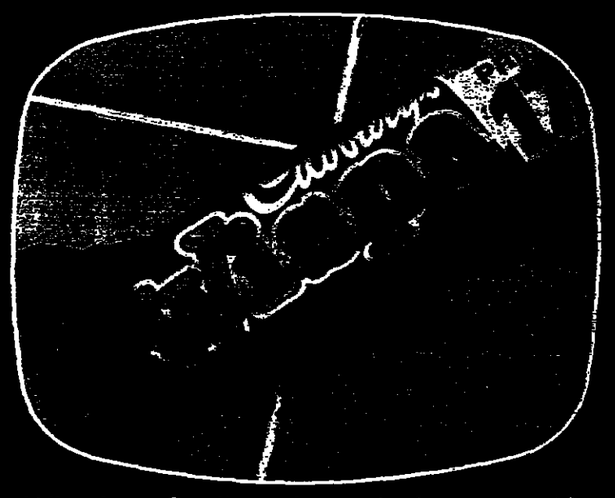
Who protects the legend?

Who puts the bone into Wedgwood china?



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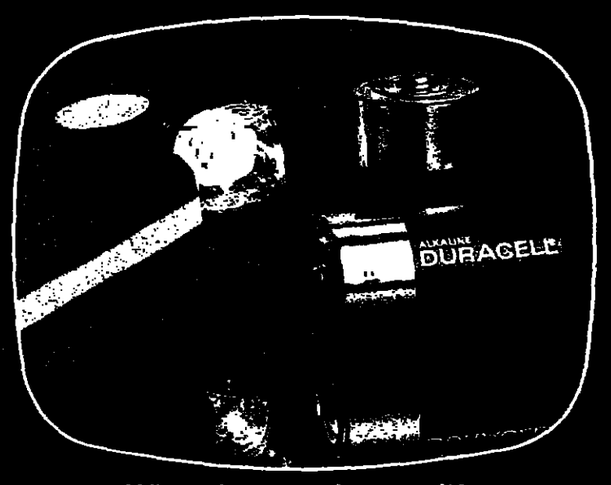

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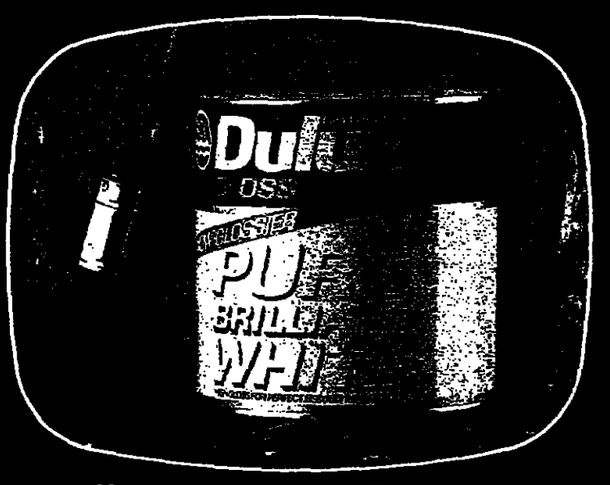

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Post Office sorts out smoother delivery systems

By Geoff Charlish

THE POST OFFICE in the UK has formally opened a square, £4m research and development complex in Swindon where 200 scientists and engineers are seeking better ways of dealing with mail.

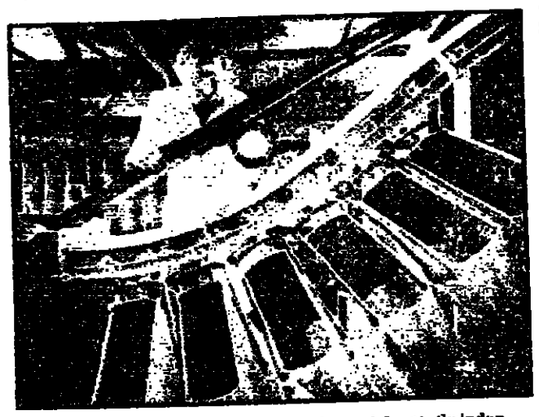
In spite of the march of electronic communication (including the Post Office's own electronic mail service), the Royal Mail is experiencing its biggest boom since the late 1940s. As Mr Alex Beardmore, the director at Swindon puts it: "You can't send a dress or a packet of holiday film by electronics." The same is true of formal documents and promotional material, the amount of which continues to grow.

Today, some 42m letters and 0.6m parcels have to be moved daily and although little can be done to apply technology to the local postal round, the Post Office is spending over £8m annually to improve sorting and handling.

The basis of sorting is the postal code, which still has its problems because although most senders write it correctly, many do not and some leave it out altogether. So the Swindon centre is looking at text recognition, hoping one day to read the addresses. This is feasible if they are typed, but any system will have to separate these from the handwritten ones until a clever enough machine can read anyone's handwriting — something which even the human eye and brain cannot always do.

For the time being, operators at coding desks look at each letter, read the code and key it into a machine which puts the code on the letter in the form of phosphor dots. These glow in ultraviolet light and allow letters to be recognised by conveyor diversion machinery and sent into appropriate sorting boxes.

The Post Office is into its third generation of coding desk, designed in conjunction with the General Electric Company. Each desk now has its own controlling microcomputer rather than consulting a central computer for coding data. In addition a "droplet on demand" ink jet printer puts the dot codes on the envelopes more cost effectively than the previous hot transfer units.



Packet sorting machine undergoing trials at Swindon.

The "distributed intelligence" idea has also been applied to the latest letter sorter, the E40, designed in conjunction with Frazer Nash, the London-based contract engineering company. Higher reliability levels are obtained because a computer fault no longer puts a whole sorting office out of action.

Combined electromechanical and electronic sophistication has made the E40 twice as fast as its predecessors, of which there are 300 in use awaiting gradual replacement. It can sort 32,000 letters an hour into 250 sorting boxes.

One simple but effective change has been to use a helical transport guide to move letters between vertical levels so that they arrive the same way up, without negotiating right angle systems that are prone to jamming.

The machines sort to "plans" selected by operational staff but, unlike earlier models, the E40 allows operator override so that mail can be routed to alternative boxes if part of the machine fails.

Parcels present difficulties to automation engineers due to their variability of size, shape, texture and weight. However, packets within an enveloping size of 500 x 375 x 125 mm are being dealt with by a machine about the size of a tennis court at Swindon, using similar principles to letter sorting.

Operators sit at keying stations in front of a moving row of bins, one of which will become marked with an illuminated bar as it approaches an operator. He will have taken the next packet from an input basket, read the postal code and will key it in shortly before dropping the parcel into the marked bin.

The marked bin now "knows" what it is carrying so that when it gets to the appropriate destination chute on the other side of the machine, it tips out its load. The machine can have 20 operator stations, 500 destination chutes and can deal with 8,000 items an hour.

Sorting larger parcels is a bigger problem. Although the new generation of sorters can extract coded parcels from a line into destination containers at 5,000 an hour, several manned coding positions are needed to maintain throughout. Then, however, the conveyors from say, four positions have to be merged so that the parcels stay in synchronisation with the computer's memory of their relative positions. One mistake means that all parcels are subsequently mis-sorted.

Variability of size is the problem, now being overcome at Swindon with carefully placed sensors which measure many features of the parcels making sure that the delivery is synchronised with the computer and the parcels are accurately positioned for sorting.

Another sorting office problem is that parcels might have to drop through 10 to 20 ft between floors. A device is needed which, if fed with items at a constant rate will deliver them, 20 ft lower, at the same rate without damage and without jamming anywhere.

The answer is a high-tech helter-skelter. By using computer simulations, engineers at Post Office Research have arranged the gradient, cross section profile and surface material of the chute so that whatever parcel is put on at the top it always takes about the same time to glide down to the bottom.

Ian Hamilton Fazey looks at a radical change of thinking on automated production

Flexible marriage of old and new

INDUSTRY has been making an uncomfortable discovery about the "flexible manufacturing systems" (FMS) that are supposed to be automating production methods and greatly improving quality control and profitability. The systems are too expensive for most manufacturers to contemplate installing.

The idea of FMS is to take versatile, programmable machine tools and so configure them that the whole system can make practically anything. Costs can only be justified, however, if volumes of throughput are large enough and the items being made have a high enough value.

Medium-volume manufacturers in the words of Mr John Wells, sales manager of machine tool manufacturer, Cross International, "have been severely shocked when they have seen the price tag, and have not invested."

This has led Cross, the Merseyside subsidiary of the Milwaukee-based Kearney and Trecker Group, into a radical change of thinking on automated production engineering. It reckons it has an 18-month lead in this area over machine tool manufacturers in the rest of the world.

As with many good ideas, what Cross has done is very simple. It has looked closely at how people make and machine complicatedly shaped metal products and parts and worked out that genuine flexibility is usually needed at only a few stages in the manufacturing process.

Only for these stages does a manufacturer need to instal versatile machines. The rest of the work can be carried out equally well with what might be called "old" technology. The secret of achieving FMS at economic prices, according to this new philosophy, is in the way the production line designer mixes the old and the new, and — probably more important — wires up the electronics.

It is not just theory. Cross is just finishing a £9.5m automated line for a vehicle manufacturer, which Cross will not name. It makes aluminium transmission cases at a rate of 200 an hour and can handle seven variants of the design. Those who went to see the line working before it is shipped to its new owner included senior managers of Nissan, from both Japan and Britain.

The transmission cases are loaded onto a track that conveys them from tool to tool, most of which are relatively simple single-spindle machines for drilling the same hole in the same position in every transmission case.

Where flexibility is needed is when one of the variants is required. Here, the machining head on any one of a bank of tools can be switched round in seconds. Sensors earlier along the line give warning that a change is needed, so that the appropriate head can be taken off a storage rack behind the tool and put in position.

Without this area of flexibility, at least five more machine tools would have been needed — at a cost of about £100,000 each. Flexibility has therefore given a £500,000 saving where it is needed, without expensive installation of flexible tools for parts of the process where it is not.

Mr Wells says: "There has been far too much overkill in FMS. People need appropriate technology and appropriate flexibility, not an expensive excess of both."

Cross's managing director, Mr Maurice Haynes, believes that the new philosophy will lead to much better understanding of the whole subject in industry.

He says: "We see a lot of well-qualified engineers, well-trained in single-spindle technology, who are very muddled in their thinking. There is a lot of confusion about process control and its applications. There is not a common answer to every situation. The answer has to be product-driven.

"FMS is no panacea. We believe that most people cannot afford to instal a true, random FMS. Moreover, they do not need one. They are much better advised to thrash out the appropriate technology and get an appropriate mix of capital equipment at an economic rate."

The tools in the mix are also simple enough to be adaptable for other jobs later. One of the keys to developing the new approach, Mr Haynes says, was the merger of Cross with Kearney and Trecker in 1979. This has enabled Kearney and Trecker software and machine controllers to be married to Cross's machines.

As it is, Kearney and Trecker claims to have installed more FMS machines worldwide than all its competitors put together and there is a Cross machine in most of Europe's automotive plants. The quality of the thinking behind the new approach demonstrates why—and will probably help ensure that things stay that way.

Concern over a lack of office equipment spending in the UK

WORTH WATCHING

Edited by Geoff Charlish

OFFICE WORKERS in the UK are equipped on average with only £500 worth of desks and telephones while those in factories are backed by machinery costing some £5,000 and argicultural workers are provided with tools worth £35,000.

The low level of office equipment investment is a cause for concern, says the latest edition of the Oasis report (office automation and information service), particularly as the UK is moving more towards a service economy.

To make matters worse says Oasis, even though keyboard products are increasingly used (£100m in 1980, £1bn in 1985 and a predicted £3bn by 1990), most of this growth will only benefit importers because very little of the equipment is being made in the UK.

The 160-page report is published by Wharton Information Systems (01-891 6197) and costs £500.

In examining the typewriter market, it finds that 220,000 machines worth £173m were sold in 1985, with Triumph Adler established as clear leader for the first time. Word processor sales have grown from £19m in 1980 to £150m in 1985, while the personal computer market, running at £700m at the moment, is likely to break the £1bn barrier before 1990.

WIND POWER generators are to be backed by the European Commission in a project to part-fund three large machines that will be built in Denmark, Spain and the UK. The Danish machine will generate 2 megawatts (millions of watts), the other two units one megawatt each.

The total cost of the three projects will be about $20m and all three are scheduled to become operational by 1988.

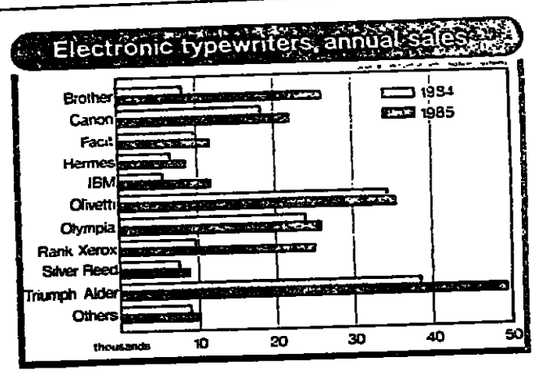
TOP, or "technical and office protocol," the Boeing initiative to encourage standardised communication software and hardware in technical offices, has been taken up by ICL in the UK. TOP is based on the standards now being finalised by the International Standards Organisation (ISO).

ICL is the first indigenous European supplier to declare its support for TOP, although many have agreed to support the parallel initiative by General Motors called MAP (manufacturing automation protocol), which is for similar communications on the shop floor. MAP is also based on the "open systems interconnect" or OSI standards being generated at ISO.

MACHINE VISION for production lines which allows all the elements vital to the appearance and integrity of a product to be checked, has been introduced by Intertrade Scientific of Milton Keynes UK (0908 666595).

Made by Cognex of Newton, Massachusetts, Checkmate [illegible] allows manufacturers to inspect every passing item on a production line regardless of its shape, size and labelling complexity. Previously, checking would normally have been carried out on a sampling basis.

The system has a degree of intelligence and can be adapted to check on any important packaging feature, within set tolerance limits. For example, it will look at both bottle cap and label and ensure that their relative positions are accurate to within 0.01 inch.



WORLD ELECTRONICS will come under the microscope at a Financial Times conference to be held at the London Intercontinental Hotel, June 9 and 10.

Speakers will include chairmen, managing directors, vice presidents and chief executive officers of such companies as DEC, National Semiconductor, Plessey Semiconductors, Texas Instruments, Thomson, Olivetti, Philips and many others. The theme will be strategies for tomorrow's markets in electronics. More from Barbara Higginson at the FT's Minster House office in London (01-621 1355).

THE PROPERTY MARKET BY WILLIAM COCHRANE

Bredero tests the UK stock market

BREDERO Properties, UK arm of the Dutch multinational VBB, is making its London stock market debut via an offer for sale at a fixed price of 145p a share.

At that level, and allowing for the £5.1m of new money which the company will be raising net of expenses, it will be standing on a prospective p/e of 16.2 and a premium of 27 per cent to net tangible assets of 114p a share.

Numbers like that are nothing these days. Arlington Securities was floated at 115p a couple of weeks back on a premium to historic net asset value of 156 per cent. It was trading this week at around 165p, or a premium of 267 per cent.

If there is a sober way of rationalising this sort of performance, it is that companies with rich development prospects and which are relatively modest in size — Bredero will capitalise just short of £30m — are going to be quoted at a price which reflects potential, rather than past returns.

Bredero's development programme is rich, in quality just as much quantity. Director Tony Sutton said this week that not many potential stock market investors will realise, at this stage, just what a plum the company has grown in its Bon Accord Shopping Centre in Aberdeen.

The company's 28 per cent share in the rental income of the Ashley Centre at Epsom has been valued by Knight Frank and Rutley at not less than *£14m. Bon Accord is about the* same size, marginally more expensive to develop and not yet *funded.*

But the decision of the John Lewis Partnership to develop alongside the 270,000 sq ft Bon Accord gives Bredero the effective equivalent of a 500,000 sq ft centre in one of the *richest cities in the UK, without* the problem—and expense—of enticing an anchor store, says Mr Sutton.

The offer for sale document, to be published on Monday, will say that the company has a development programme of £100m plus. This figure includes the Bon Accord, two linking developments in George Street, Aberdeen, the Maltings at St Albans, and others with a bias, so far, towards retail property.

However, it excludes £95m for 420,000 sq ft of office space, 48,000 sq ft of retailing and a transport interchange at Hammersmith, West London, where Bredero is only waiting for final agreement with London Regional Transport.

The company is aware that it has to keep pleasing the market. It probably has a little something in reserve. In the meantime its retail bias should give it a particular stock market attraction.

PosTel sets things straight

FRED Reeder, director of PosTel Investment Management, the in-house property investment manager for the Post Office and British Telecom staff superannuation schemes, this week denied stories that PosTel is cutting ties with its *three principal* estate agents.

PosTel is reorganising its UK property activities, aiming to double its staff over the next three years from the present level of 17 and bringing in-house much of the management of its UK properties.

However, Mr Reeder said that it would still have a continuing relationship with Bernard Thorpe, the *historical* PosFund agents, Jones Lang Wootton who joined them in 1978 and Edward Erdman who came *along in 1982.*

The PosTel funds now have a total property content of nearly £2bn. Mr Reeder sees the broadening of their horizons to encompass a wider range of agents, owners and other parties as the natural evolution of terms of trade which already existed.

"We've always had hands-on *management," he said.* "Our agents have never had a discretionary role in the handling of our investments."

"What we are doing now," he said, "is lifting the veil between ourselves and the market."

Obsolescence

THE UK property industry bit on another bullet this week as the College of Estate Management, via a report from its Centre for Advanced *Land Use Studies (Calus),* concluded a study on the obsolescence of commercial property which has significant implications for building design, lease structure and investment appraisal.

Rapid economic and technological change is shortening the lives of buildings. "It is not uncommon to find," says author Francis Salway, "that the capital value of a 20-year-old building is no *more than 35 per cent of that* of its modern equivalent."

This, he says, implies a relative fall-off in capital *value of 5.4 per cent per* annum. "A downward pressure on values of this degree," he reckons, "represents a major obstacle to the goal of achieving growth over and above the rate of inflation."

○ Jones Lang Wootton say *separately that they are carrying* out research to investigate the financial implications of property obsolescence. This note accompanies the JLW Property Index, where performance is again limited by a poor showing in capital *growth terms.*

○ Following the series of seminars organised by the Berkshire Committee, the unitisation debate should get a thorough going-over at the Profex development, investment and finance conference next June 27 (Tel: 01-950 0400 for details).

Tim Simon of Savills, who will be talking at the conference, maintains that the securitised investment property market could be bigger than the Stock Exchange in terms of value and that potential entrants to the market should pace themselves accordingly.

● Swire Properties' HK$1bn winning bid for a 16,150 sq metre Victoria Barracks site behind Hong Kong's central financial district was awaited as a primary indicator of the strength of the market. The verdict, locally, is "steady as she goes" with the price neither higher nor lower than expected.

● Laing Properties has bought a 150-acre development site in Atlanta, Georgia, *for a $75m mixed use scheme.*

● Today's Investors Chronicle Hillier Parker Rent Index, No. 18, shows accelerating rental growth. Rates of growth on the year have increased by more than a third to 9.6 per cent, while the annualised rate over the last six months has moved into double figures.

● *As befits one of the corporate doyens of the industrial* property business, Slough Estates is still proving *that there is more to business* property than high profile, high tech and high rent.

It has pre-let 33,000 sq ft of office, laboratory and manufacturing facilities at High Wycombe to Warne Franklin, a manufacturer of disposable medical products, at £133,000 plus or some £4 a foot.

London property in AD 2000

SKY-HIGH retail rents and relatively modest central London office development are among the propositions discussed this week in a new book, "The London Property Market in AD 2000."

Twenty-two leading experts, partners, directors and senior officers responsible for research departments of property professionals have contributed articles to the book edited by Clive Darlow of the Central London *Polytechnic on behalf of the* Continuing Professional Development Foundation.

There are some forthright conclusions. For example, Brian Waldy of Fletcher King says that by the year 2000 the campus office will be established as a type of building that planners will want to have in the Green Belt and that people in general will welcome to their local communities.

John Orton, recently retired as research chief of Richard *Ellis, forecasts concentration* of world financial services in London, New York and Tokyo, and the relegation of unacceptable space as the effects of new technology become more extensive, and more profound.

On leisure, Russell Schiller of Hillier Parker says that London, in 15 years' time, will be more of a pleasure-seeking city than it is today.

* *Published by E. & F. N. Spon, 11 New Fetter Lane EC4P 4EE. Price £24.00.*

Consortium plan for Whiteleys

A CONSORTIUM comprising Arlington Securities, London & Metropolitan and Dartnorth (UK offshoot of the Malaysian IGB Berhad) is putting forward revised and detailed drawings for the former Whiteleys department store on Queensway, Bayswater, to Westminster City Council.

Architects for the project, the Building Design Partnership, were commissioned at the beginning of 1984 by Hanson Trust, which had acquired Whiteleys with the UDS Group in 1981. They gained outline planning *consent* last July.

The latest submission—which dispenses with the earlier provision for a public library, which the local authority no longer requires—is for detailed permission, a hoped-for start in September this year and completion for Christmas 1988.

The consortium, to be known as the Whiteleys Partnership, was put together by David Jackson whose company, Willverley & Hampshire Estates, is in for a share of the development profit.

The submission envisages 253,000 sq ft of retail space on ground and two upper floors, *incorporating 38,000 sq ft for* restaurants and cafes, together with a supermarket food hall of some 25,000 sq ft. In addition there will be 29,000 sq ft of lettable offices, and 200 car parking spaces at rooftop level.

Speciality centres are in vogue this year, much written about, parodied by disillusioned developers, and, on occasion, heavily criticised. Members of the Whiteleys team, like Nick Kilby of BDP, Mr Jackson and Jonathan Joseph of Holborn & Joseph (advisers to Lincoln and Met) call this one a variety and destination centre.

One characteristic appears to be similar: there is no anchor tenant. However, the team says that the supermarket will help a high catering content, especially outside in an ancient these days. And the team offers scope to produce a 28,000 sq ft store, on two levels, for one tenant.

Nick Kilby explains that the building itself has its attractions as a very, very dramatic facade, and a wealth of intriguing detail. "Whiteleys is one of the finest buildings that is around, in terms of internal spaces," he said last week.

The building has the lifting and other attributes to let the light in. The team is aiming for high-quality finishes, planting and design in general, for what may be a 25-to-30-year investment.

"We decided that what was needed was a centre of very high quality," says Mr Jackson. This will not exclude high-profile tenants like Burton and Next, but there will be specialty shops to add texture and variety.

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Land for Sale

COTSWOLD HILLS—A mellow Cotswold stone barn at Andoversford with planning consent for conversion to 3 dwelling units. For sale by Tender. Details, Bruton Knowles & Co., 111 Eastgate Street, Gloucester (0452) 21267. Ref. SJH.

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Company Notices

STAR EUROPEAN FINANCE N.V.
Frf 100,000,000 8½ LOAN DUE 1988

We inform bondholders that the Frf 11,000,000 redemption instalment due on June 15th, 1986 was partly met by purchases in the market.
For the redemption of the remaining amount of Frf 4,000,000 due a draw by lot took place in the presence of Maître Jean-Pierre Weuss, Notary Public in Luxembourg.
Considering 800 bonds are to be redeemed and the draw must be made by series with a max number of 5 series, the following bonds are to be redeemed, coupons at June 15th, 1987 and subsequent attached, as from June 15th, 1986 date at which time will cease to bear interest:
2450 to 2499, 2567 to 2586, 2556 to 2565, 2567 to 2586, 2614 to 2625,
2626 to 2650, 2653 to 2667, 2693 to 2694, 2705 to 2717, 2719 to
2713, 2719 to 2723, 2729 to 2732, 2743 to 2744, 2746, 2840 to 2861,
2893 to 2895, 2877 to 2879, 2907 to 2915, 2917 to 2928, 3113 to 3115,
3116 to 3120, 3122 to 3130, 3135 to 3136, 3143 to 3144, 3171 to 3174,
3210 to 3214, 3219 to 3223, 3249 to 3253, 3259, 3252 to 3254, 3270 to
3271, 3275 to 3278, 3283 to 3286, 3380 to 3384, 3427 to 3428, 3563,
3632 to 3636, 3993 to 3996, 3998 to 3999, 4122 to 4126, 4132 to 4136,
4140 to 4146, 4152 to 4156, 4322 to 4329, 4335 to 4337, 4336 to 4340,
4354 to 4356, 4367 to 4371, 4377 to 4381, 4387 to 4389, 4393 to 4397,
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4634 to 4638, 4644 to 4648, 4663 to 4677, 4683 to 4687, 4725 to 4731,
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6926 to 6930, 7208 to 7220, 8213 to 8217, 8223 to 8227, 8233 to 8237,
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8293 to 8297, 8303 to 8307, 8313 to 8320, 9344 to 9351, 9418 to 9439,
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9679 to 9683, 9686 to 9693, 9696 to 9703, 9712 to 9716, 9721, 9732,
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to 10925, 10931 to 10935, 10941 to 10945, 10951 to 10955, 10961 to
10965, 10977 to 10979, 10981 to 10985, 10991 to 10994, 11044 to 11045,
11126 to 11130, 11191, 11201 to 11203.
Redemption and payment of interest will take place as of the following banks: CREDIT LYONNAIS, Luxembourg — HILL SAMUEL & CO. LIMITED, London — COMMERZBANK A.G., Frankfurt — BANQUE BRUXELLES LAMBERT, Brussels — CREDIT LYONNAIS, Paris.
Amount remaining in circulation after the above mentioned redemption: Frf 86 000 000.
The Fiscal Agent
CREDIT LYONNAIS LUXEMBOURG

EVERARDS BREWERY LIMITED

NOTICE IS HEREBY GIVEN that the transfer books and register of the 5% Cumulative Preference Shares of the above-named Company will be closed on 16 June 1986, to facilitate the preparation of the payment of the half-yearly dividend on 30 June 1986.
By order of the Board
P. L. WILFORD, Secretary

YORKSHIRE INTERNATIONAL FINANCE B.V.

NOTICE IS HEREBY GIVEN that the Annual Report and Accounts for the year ended 31st December 1985 are available from Yorkshire Bank PLC, 56-58 Cheapside, London EC2P 2BA. The Annual Report and Accounts of Yorkshire Bank PLC may also be obtained from this address.

Legal Notices

THE COMPANIES ACT 1985

BLAIR MOVERS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 588 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Tuesday the tenth day of June 1986 at 2.30 o'clock in the afternoon for the purposes mentioned in sections 589 and 590 of the said Act.
Dated this 20th day of May 1986.
By Order of the Board
J. E. BLAIR, Secretary

Appointments

Contracts and Tenders

Clubs

Art Galleries

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THE ARTS

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Exhibitions

WEST GERMANY

Berlin, Akademie der Künste, Hanseatenweg 10: *Life Or Theatre? This* exhibition displays 250 gouaches by Charlotte Salomon. She died, aged 26, in Auschwitz. *Ends June 15.*

Bayreuth, Iwalewa-Haus, Münzgasse 9: Art and Culture from the Congo and Zaire. About 300 paintings, cult and practical objects from the Colonial period to today. Ends June 29.

Hamburg, Kunsthalle, Glockengiesserwall I: Renaissance of the North. 110 *German and Dutch paintings on* loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius. Ends June 29.

Düsseldorf Kunstmuseum, Ehrenhof 5: *Otto Pankok (1893-1966).* The Passion; 60 huge charcoal drawings by the German expressionist covering 1933-34. *Ends* Oct.

BRUSSELS

Musée Royale d'Art et Histoire: Taiwan-based painter Wong Liu-Sang. 40 paintings, of which *10 are by his* pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

PARIS

From Rembrandt to Vermeer: 60 chefs d'œuvres on loan from the Mauritshuis *trace a panorama* of 17th-century Dutch painting with Vermeer's View of Delft with genre *paintings, still lives and landscapes.* Grand Palais. Ends June 30. (4261 5410).

Rasa – The Nine Faces of Indian Art. A hundred sculptures in stone, bronze and terracotta and some 200 miniatures are divided into nine groups according to the sentiment they express: the erotic, comic, pathetic, heroic, terrible, furious, hateful, marvellous and finally the serene, thus making Indian art intelligible to Europeans. Many of the sculptures have been only recently discovered, while most of the miniatures are seen for the first time. Grand Palais (4261 5410). Closed Tue, Wed late *opening.* Ends June 16.

At the Court Of The Great Moghul: A parallel exhibition of Indian miniatures from Bibliotheque Nationale's collections, which have never been exhibited before. Bibliotheque Nationale, 58 Rue de Richelieu from 12am to 6pm all days. Ends June 16.

19th century pastels: A renewed, revigorated use of the pastel crayon technique, in complete break with its genteel 18th-century tradition, gives a sense of immediacy to Delacroix studies, to country scenes by Millet and portraits by Manet. It catches the movement of Degas dancers and women at their toilet and lights up *Redon's inner visions. The Louvre,* Pavillon Flore (4261 5410). Ends June 9.

Marie Laurencin: After a short flirtation with Cubism, Marie Laurencin, Apollinaire's love and Cocteau's friend, create an enchanted world of adolescent girls. The unchanging *pale, oval shaped faces with expressionless* eyes, the ethereal bodies amid flowers and flotating pink and blue gauzes could easily become too sugary but for the aura of Sapphic mystery. Gallery Malingue, 26 Ave Matignon (4266 6033). Ends June 21.

LONDON

The Hayward Gallery: Falls The Shadow – this year's Hayward Annual for the first time extends its view of contemporary art from Britain into Europe. The Arts Council's guest selectors. Barry Barker and Jon Thompson, taking a hint from T.S. Eliot's ambiguous poem of the mid 1920s, The Hollow Men, abandon the principles of avant-gardism in favour of a more open and catholic modernism. The result is an elegant, difficult and fascinating anthology. Ends June 15.

ITALY

Rome: Galleria Giulia (Via Giulia 148). Marilu Eustachio: Fifty large works in pastel exploring the theme of love, from the lyrical to the faintly menacing. Particularly interesting are a series of charcoal drawings illustrating extracts from the poems of Emily Dickinson, ends June 14.

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

Florence, Palazzo Medici-Riccardi: Picasso Engravings (1904-71). Examples of the techniques with which Picasso experimented – etching, aquatint, linocut and engravings and often mixtures of several. One oil is included: the infinitely sad and gentle Harlequin, painted in 1917. The year in which Picasso started designing sets for Diaghilev's Russian Ballet company, and the year of his first visit to Florence. The model is the dancer, Leonide Massine. The first etching is the chilling Frugal Meal done the year that Picasso settled in Paris (1904). The Dove lithograph (1949), adopted as the symbol of the world peace congress, several irreverent reinterpretations of Cranach and Rembrandt, portraits of Jaqueline, Françoise and Paloma and various mythological subjects are included. Ends June 22.

Milan, Pinacoteca di Brera. Photographs from Life Magazine: 1946-55: A fascinating and nostalgic exhibition of over 200 photographs chosen by Doris McNeil from the Life picture collection. An extraordinary mixture of styles and subjects, from harrowing documentary photographs of the Korean war, or Cornelius Ryan's terrified Jewish war-orphans awaiting expulsion from Palestine as illegal immigrants in 1948, to brilliantly constructed studio-photography, such as Salvador Dali with cats and jets of water – all airborne.

There is Barbara Hutton being prevented from entering the Ritz in Paris because she was wearing (extremely ladylike) shorts, and Milton Greene's marvellous portrait of Marlene Dietrich, focusing on the legs. *The exhibition is sponsored by* United Technologies. Ends June 15.

NETHERLANDS

Amsterdam: Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

Dordrecht Museum. A choice selection of 60 Piranesi etchings from the imposing Vedute di Roma and the oppressive visions of the Carceri. Ends June 8.

Amsterdam Historical Museum. Cor Jaring's photographs of Amsterdam in the restless 1960s, from Provos to dockworkers, happenings to street markets, and an eventful royal wedding. Ends June 22.

17th-century drawings in Teylers Museum, Haarlem. Little-known sheets by the leading masters. Ends June 14.

SPAIN

Madrid, Claude Monet (1840-1926): The greatest living French artist, as he was called, was an innovator who revolutionised the course of modern painting by playing a leading part in *the creation of a new artistic movement:* impressionism. 125 paintings on loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with a prominent representation of his most famous period at his home at Giverny. Meac – Museo Espanol de Arte Contemporaneo, Avenida Juan de Herrera 2. (449 71 50). April 29 – end June.

Barcelona. Max Ernst retrospective includes 125 works of the dadaist and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends June 29.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte – Hoffman, Moser and Creschka – many on public view for the first time. Applied Arts Museum, ends June 8.

NEW YORK

Japan House: Burghley House, with its the earliest known record of Japanese porcelains in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 205 Japanese and Chinese objects dating from the 16th to the 18th centuries. Ends July 27.

Museum of the City of New York: Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

Metropolitan Museum: Two centuries of Renaissance masterpieces from Nuremberg include 270 works in painting, sculpture, tapestries and illuminated manuscripts by Albrecht Dürer, Hans Baldung Grien, Veit Stoss and Adam Kraft. Ends June 22.

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

National Gallery: Paintings by Picasso, van Gogh, Gauguin, Matisse and Renoir are among 41 Impressionist, post-Impressionist and early modern paintings from the Hermitage and Pushkin Museums in Leningrad and Moscow making their first American trip. Ends June 15.

TOKYO

Antoni Cleve: 130 works by one of Spain's prominent modern artists. Tokyo Teien Museum, Meguro. This museum, with its art deco architecture and garden was once the home of a member of the Imperial family. Ends June 6.

Scenes of Spring: *10 works on hanging* scrolls by Japanese artists Kano Tanyu, Shunso Hishida, Gyoshu Hayami and others. Okura Museum, at Okura Hotel. Ends June 15. Closed Mon.

The Art of Henry Moore, 1921 to 1984: In one of the largest retrospective exhibitions ever, over 300 works (sculptures, drawings and graphics) demonstrate the artist's range and extensive output. Several sculptures have been installed in the open. Excellent catalogue with generous *space for the original English.* Ueno Park is one of Tokyo's few open spaces, and museum hopping may *be pleasantly divided by lunch at* one of the park restaurants or in the open. Ends June 5.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The last performance this season of Carmen, with a strong cast headed by the fierce intensity of Agnes Baltsa and José Carreras, which overshadows the creakier aspects of the production, is followed by the return of Eugene Onegin, conducted by Colin Davis and with Ileana Cotrubas, Neil Rosenshein and Thomas Allen promising a great deal. (240 1066).

English National Opera, Coliseum: Birtwistle's The Mask of Orpheus, undoubtedly the most important opera to be introduced in London for many years, shares the week with Fledermaus and the revived Mary Stuart, with Jane Eaglen taking on Rosalind Plowright in the opera's central confrontation. (836 3161).

PARIS

Trisha Brown Company dances Lateral Pass, Group Primary Accumulation and Set and Reset in Robert Rauschenberg's décor. 93 Bobigny, Town Center, Bld Lenine, Metro Pablo Picasso (4274 2277).

Ballet Cullberg, combines the inheritance of German Expressionism with American modern dance. Théâtre de la Ville (42742277).

WEST GERMANY

Hamburg, Staatsoper: Boris Godunow, in a concert version, features Hanna Schwarz, Gabriele Fontana, Kurt Moll and Walter Raffeiner. Le Nozze di Figaro has Judith Beckmann, Rachel Joselson and Patrick Raftery. Katja Kabanowa has fine interpretations by Anny Schlemm, Nadine Secunde, Daphne Evangelatos and Franz Ferdinand Nentwig. This week's highlight is Ariadne auf Nexos starring Tatiana Troyanos, Margaret Price and Dieter Weller. La Clemenza di Tito rounds off the week. (351151).

Frankfurt, Opera: Hoffmanns Erzählungen has Elizabeth Parcells as Olympia, Hildegard Heichele as Antonia and William Cochran in the title role. Louis Quilico is repeating his much praised performance in the title role in Falstaff. Der Zigeunerbaron will be conducted by Michael Luig. La Bohème, sung in Italian, has Ellen Shade as Mimi and Giacomo Aragall as Rodolfo. (25621).

Cologne, Opera: Cendrillon has Ann Murray in the title role. Kathleen Kuhlmann is a splendid Carmen. Die Zauberflöte with Heseon Kwon, Inga Nielsen and Thomas Thomaschke. (20781).

Stuttgart, Württembergisches Staatstheater: Martha, Lortzing's first opera production. Salome includes Karan Armstrong, Raymond Wolansky and Roland Bracht. (20321).

ITALY

Milan: Homage to Debussy: Pelleas et Melisande conducted by Claudio Abbado and directed by Antoine Vitez. Frederice Von Stade, Gianna Linnos, Surt Ollman, John Broecheler and Nicolai Ghiaurrov. Scenery and costumes by Yannis Kokkos. (80 91 26).

Milan: Teatro Lirico: Balletto Imperiale with choreography by Balanchine and Béjart. (866418).

Milan: Teatro dell'Opera: La Bohème conducted by Daniel Oren and directed by Pierluigi Samaritani, who also designed the scenery and costumes. The cast includes Nelly Miricioiu, Francisco Araiza, Alessandro Corbelli and Fiorella Pediconi. (481755).

Naples: Teatro San Carlo: The Barber of Seville by Rossini with Margarita Zimmermann, Bruno Pola, Curtis Rayam, Domenico Trimarchi, Silvano Pagliuca and Nicoletta Cilento. Bruno Bartoletti conducts. (416266).

Turin: Teatro Regio: Turandot conducted by Zoltan Pesko and directed by Grischa Asagaroff, with scenery and costumes by Josef Svoboda. The cast includes Eva Marton. Rimsky-Korsakov's Il Gallo d'Oro, directed by Ugo Gregoretti and conducted by Will Humburg. (540600).

Florence: Teatro Comunnale (Maggio Musicale Fiorentino): Mastersingers conducted by Zubin Mehta and directed by Michael Hampe with scenery and costumes by John Gunter and Reinhard Heinrich. Lucia Popp, Gary Lakes, Hermann Prey, Bernd Weikl and Peter Wimberger. (277926 36).

NETHERLANDS

Amsterdam: Carre. Holland Festival premiere of Wagner's Meistersinger from the Netherlands Opera and the English National Opera directed by Elijah Moshinsky and designed by Timothy O'Brien, with the Concertgebouw Orchestra conducted by Edo de Waart. Soloists Roberta Alexandra, Jard van Nes, Henk Smit and William Johns (Thur). (225225).

Scheveningen: Circus Theatre. The Hague Summer Festival: Shakespeare's Taming of the Shrew danced by the One Extra Company of Australia and choreographed by Kai Tai Chan (Mon). Romeo and Juliet performed in Italian by the puppets and actors of Teatro del Carretto (Wed, Thur). (358600).

Amsterdam: Stadsschouwburg. The Netherlands Dans Theater with Jiri Kylian's Elektra de Soldat and Sinfonietta, and Glen Tetley's Revelation and Fall (Mon to Thur). (241311).

MILAN

Stuttgart: La Gioconda conducted by Fischer with Martin; Baglioni, Lipovsek, Domingo; La Traviata conducted by Kleiber with Grubberova, Tannhäuser conducted by Klobucar with Ramova-Sintow. (532420 55).

Volksoper: Das Land des Lächelns, Der Opernball, Mariana Pumpaduur, The Barber of Seville. (5836/2657).

NEW YORK

New York City Ballet (New York State), Lincoln Center (870 5570).

American Ballet Theatre (Opera House): Artistic Director Jonathan Lichtenstein in his company's first two-month spring season with four new works choreographed by Kenneth MacMillan, John Taras, David Gordon and Eugene Armitage, which join the repertory that includes The Nutcracker, Don Quixote, Giselle and La Bayadère. Ends July 6. (362 6000).

WASHINGTON

Stuttgart Ballet (Opera House): the visit will include the full-length Eugene Onegin, choreographed to Tchaikovsky by Kenn Oldham, Bejart's Gaité Parisienne and the local premiere of Glen Tetley's A Streetcar Named Desire. Ends June 8. Kennedy Center. (254 3776).

Music

NEW YORK

Bargemusic (Fulton Ferry Landing): Chamber music recital with William Doppman, piano, and Julie Rosenfield, cello. Haydn, Brahms, J. S. Bach. Brooklyn (624 4061)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting; William Steck, violin. J. C. Bach, Brahms, Copland; Mstislav Rostropovich conducting. Wagner, Mahler (Thur). Kennedy Center (254 3776)

CHICAGO

Chicago Symphony (Orchestral Hall): Jesus Lopez-Cobos conducting. Prieto, Ravel, Rimsky-Korsakov (Thur). (235 8111)

TOKYO

Chisato Ogino, piano: Händel, Brahms, Schumann. Tokyo Bunka Kaikan Recital Hall. (Thur) (571 1889).

LONDON

Philharmonia Orchestra, conducted by Giuseppe Sinopoli, with Uto Ughi, violin. Brahms and Bruckner. Royal Festival Hall (Mon). (928 3191).

Claudio Arrau, piano: Beethoven. Royal Festival Hall (Tue).

Philharmonia Orchestra, conducted by Yan Pascal Tortelier, with Shura Cherkassky, piano. Glinka, Rachmaninov and Sibelius. Royal Festival Hall (Wed).

PARIS

Montserrat Caballe recital, Théâtre de l'Athenée (Mon). (47426127).

John Williams, piano (Mon) Salle Pleyel (45610630).

Ensemble Orchestral de Paris conducted by Jean-Pierre Wallez, Henryk Szeryng, violin: Vivaldi, Schumann, Saint-Saens, Kreisler (Tue) Salle Pleyel (45610630).

Kuentz Choir and Orchestra, Monique Frasca-Colombier, violin, Sophie Kuentz, violin: Händel, Mozart, Cambini (Tue). Saint-Severin Church (46338761).

Philharmonia Orchestra, conducted by Giuseppe Sinopoli, with Tsuyoshi Tsutsumi, cello. Respighi, Takemitsu and Tchaikovsky. Royal Festival Hall (Thur).

Orchestre National de France, conducted by Eric Leinsdorf: Liszt (Wed) Salle Pleyel (45630796).

Maurizio Pollini, piano, Debussy, Chopin (Wed). Théâtre des Champs Elysées (47234777).

Belgium Opera Symphony Orchestra, conducted by Gunter Wagner, Sylvain Cambreling/Jose Van Dam, bass, Stuart Burrows, tenor: Mendelssohn's Elijah (Wed) TMP-Châtelet (42334444).

Royal Philharmonic Orchestra, conducted by Yuri Temirkanov, Garrick Ohlsson, piano: Brahms, Berlioz (Thur), TMP-Châtelet (42334444).

Ensemble Orchestral de Paris, with Henryk Szeryng, as conductor and soloist, Huguette Dreyfus, harpsichord, Pierre Rampal, flute: Bach (Thur), Salle Pleyel (45610630).

ITALY

Milan: Teatro alla Scala: Aldo Ciccolini (piano). Debussy. (Mon). (80 91 26)

Continued on Page 21

Holland Festival

France and Italy supply the two main strands for this year's Holland Festival, which runs throughout June (chiefly in Amsterdam) and ranges as widely as ever from opera to women's circus, from symphony to multi-media project.

The musical emphasis is on modern French and Italian composers, but there is also Verdi from the Concertgebouw Orchestra, a gala of new Dutch music, and a series devoted to the music of Islam.

The four operas on the programme include a concert performance of Berio's La Vera Storia, conducted by the composer.

French property dominates the theatre offerings, with a highlight in the Wooster Group's seven-hour performance of Elizabeth LeCompte's Poetic Life and Times of Nordom Shawcross.

A welcome innovation is a festival of children's theatre from Holland, France and Sweden (language no barrier). The dance comes from Holland (Nederlands Dans Theatre, Ballet and Schlemmer), Germany (Pina Bausch) and France (various companies, including the Ballet de l'Opera de Paris). Michael Hoyle

هكذا من الاصل

THE ARTS

Cinema/Nigel Andrews

The latest late, late New York show

After Hours directed by Martin Scorsese
Lady Jane directed by Trevor Nunn
To Live and Die in LA directed by William Friedkin
The Delta Force directed by Menahem Golan
The Doctor and the Devils directed by Freddie Francis
Erendira directed by Ruy Guerra

After Hours directed by Martin Scorsese from a script by Joseph Minion, is a deliciously demented nocturne. Hollywood's recent bout of nostalgia for the midnight menace of the 1940s film noir style (*Body Heat*, *Hammett*, and company) here takes a turn for the wittily tortuous and tongue-in-cheek. A young advertising employee (Griffin Dunne) is lured into deepest Manhattan one night by a kooky blonde met in a café (Rosanna Arquette). The rendezvous goes badly wrong, starting from the moment when the increasingly nutty-mannered Miss A goes off to slip into something more comfortable and slips into something *much* more comfortable — namely death by overdose.

Linda Fiorentino and Griffin Dunne in After Hours

Thereafter the theme of "ships that pass in the night" is turned into a darkly comic *free-for-all* in the shipping lanes. Foghorns prove no defence against collision, and Mr Dunne has one near-deadly encounter *after* another. There is Arquette's sculptress flatmate (Linda Fiorentino), making a sinister papier-maché version of Munch's "The Scream." There is a good-time girl fallen on bad times (Teri Garr). There is an ice-cream vendor (Catherine O'Hara), a blowsy blonde (Verna Bloom), a mysterious bartender (John Heard) and a pair of burglars (Cheech and Chong).

Will he escape? Will he survive? Will he ever try a semi-blind date again?

Minion's debut screenplay has a dark, lunar humour which *suggests he may be related to the famous Minions of the Moon*, mentioned in Shakespeare's *Henry IV Part 2*. And Scorsese again flexes his flair for turning Manhattan into a neon-fired, guilt-licked inferno (see *Mean Streets* and *Taxi Driver*) where Dante himself would feel at home. Infected by slow motion or off-kilter camera angles, "ordinary" details — a bunch of keys thrown *from a window or a fistful of dollar bills flying out of a taxi — converge to create a hellish human comedy.*

The film is in part about the come-uppance of a cocksure Casanova, in part about the way night changes the face of a city. But even more than its forebears in the newly fashionable nocturnal comedy vein — *Into the Night* and *Desperately Seeking Susan* — *After Hours suggests there is an untapped world of mirth and menace as* many fathoms below the sunny sidewalks of human experience as *Star Wars* and Co, bang-crashing away in glorious Overkill, are above it.

*

From one narrowly escaped inferno to another. Can 1550s England avoid becoming a "pit of Popery"? Will the pretty, *moon-faced Lady Jane Grey (Helena Bonham Carter), who reads Plato in the original Greek*, defies her birch-wielding *mother and favours the Reformation*, ascend to the Tudor Throne? Will her wastrel bridegroom Guildford Dudley (Cary Elwes) reform his ways and even, since he espouses a little-known form of early Socialism, the whole English *social order?*

Answers to all these questions in *Lady Jane*, which Trevor Nunn directs as if on a factory outing with the Royal Shakespeare Company. Sploshing mud is substituted for creaking boards, and David Edgar's dialogue for croaking Bards, while the cream of RSC acting past and present (John Wood, Sara Kestelman, Richard Johnson, Patrick Stewart . . .) are moved *about the landscape looking for something worth pouring themselves over.*

It is not, alas, this movie. Bravely bidding to blend dewy-eyed romance—after early tiffs the bookworm and the wassailer fall head over heels in love with each other — with the grim machinations of political history, Edgar's script is too didactic and ABC-linear to catch the pulse of either. And Nunn directs as if the performances were all that mattered and the camera merely an inconvenient *spectator moving indecisively* around the stalls.

Occasionally the film looks like flaming into life, chiefly in the acting of Miss Bonham Carter and Mr Elwes, who leap up to their best moments with a will and a wit. But then we are confronted with another cold dash of Socialist sermonising, *including a ludicrous scene* of the ragged poor advancing from the roadside thickets as if auditioning for *Return of the Living Dead*, or with more displays of the thunderous thespians of Stratford failing to scale their acting to the movie screen.

*

To Live and Die in LA is a smash-and-grab raid on your *sensibilities. Director William Friedkin (of The French Connection)* throws a brick through your window and makes a grab for your most tingling responses. My advice is to throw the brick back at him. This madcap thriller about an undercover cop (William Petersen) and his sidekick (John Pankow) pursuing a homicidal counterfeiter (*William Dafoe*) down *every avenue known to Hollywood man — freeways, one-way highways (the wrong way), storm* drains, airport corridors — has a wonderful cinematic energy (would that it had bitten *Lady Jane*) but a complete lack of weight, purpose or content (would that *Lady Jane* had bitten it).

Thriller addicts may be unable to stay away. Others should see it only if they have been banned for driving and are seeking some vicarious vehicular *delirium*.

The chief claim to interest in Friedkin's film is the casting of complete unknowns in the lead roles, thereby creating genuine uncertainty and suspense as to what will happen to them. In any film starring Chuck Norris, we know exactly what will happen. Chuck will strive, he will survive and he will save the Western world from terrorism. *The Delta Force* reconstitutes the recent TWA hi-jacking, when the *world's stomach kept shuttling nervously between Beirut and* Algiers airports wondering what would happen to crew and passengers.

Since crew and passengers, here played by Shelley Winters, Martin Balsam, Joey Bishop, Hanna Schygulla and as discordant a collection of luminaries as even Cannon Films usually assemble, *many of us* will be *rooting for disaster*. However, the Delta Force soon comes in, led by Norris and Lee Marvin, and once the film feels it has done its duty by historical accuracy, it swings into wish-fulfilment. Our heroes triumph by grenades, submachine guns and rocket-firing motorbikes. *Menahem Golan directs. As for Chuck Norris*, a likeable performer, the time has perhaps come for him to increase the intellectual quotient of his screen persona.

Mr Norris would have no difficulty in changing brains if thrown upon the tender mercies of surgeon Timothy Dalton in *The Doctor and the Devils*. Dylan Thomas's wierd 1953 original screen play, published *but never filmed, gave us body-snatching*, bloodletting and orchidaceous dialogue in 1820s Scotland. Adaptor Ronald Harwood has straightened out the metaphors into a script more manageable but also more mundane, and Freddie Francis directs with lashings of blood and cardboard-Edinburgh sets. It is like a Hammer horror film perfunctorily warmed up, *and unredeemed by try-hard performances from Dalton, Jonathan Pryce and Twiggy.*

Seekers after true wierdness should try Erendira. Brazil's Ruy Guerra *directs a Gabriel* Garcia Marques *script*; Irene Papas plays the burning-eyed matriarch who steers her *own* daughter into prostitution; and the sets have a raggedy-surreal splendour as if Salvador Dali had got together with Ken Russell.

Simon Boccanegra/Glyndebourne

David Murray

In *Simon Boccanegra* Verdi wrote a dark, sober opera, dispassionate about human failings, laden with regret for things past recovery. At Glyndebourne it made quite a pleasant evening on Wednesday despite the rain. One expected more.

A fair part of the action of Boccanegra is intimate, which might seem to recommend it for a Glyndebourne Verdi-foray. But it is also an opera that wants real space — even without much spectacle — and that is a commodity that even Glyndebourne cannot conjure out of thin air. The Prologue looks cramped and makeshift, the finale shrunken; and the central Council Chamber scene was so unimposing, crowded and racketty that party-hats and balloons seemed imminent. John Gunter has at least designed a period-pretty moon*scape for the Grimaldi garden*, and the apartment scenes are of course safe enough.

Yet the apartment scenes were *just what one thought* Peter Hall would develop best at Glyndebourne, with close-up character-drama: in fact they are conventionally stiff. Two or three moments only — at the easiest places, like Amelia's discovering that Boccanegra is her father — suggest tremors of fresher feeling. By and large, *serious human interplay* is conspicuously absent. Was it under-rehearsal, or just non-meetings of minds? Certainly one grave awkwardness, which it is time to stop making bones about, is that Glyndebourne has found itself a Boccanegra who is impossibly tame.

He is Timothy Noble, an amiable American baritone with a background in musical comedy before opera. Nice voice, granted his penchant for adding a crooner's vibrato to every long note, which leaves much of his phrasing bloated by *swells; and he cuts a stout* figure, with *dignity and good* will. Almost any minute of his role would look and sound credible in excerpt. The trouble is that Verdi's Boccanegra is most studiedly *developed* — it is no trivial point that he ages 20 years in the evening — and that almost everything interesting about him and his music derives from that, whereas Noble is incorrigibly the same well-meaning, *hefty* slightly baffled chap throughout.

Unfortunately, most of everybody else's chief confrontations are with the hero, and are accordingly run on reduced voltage. They seize their solo opportunities where they can; but *Boccanegra* is notoriously a dramatic ensemble-piece, not a string of individual turns. Robert Lloyd's refined, powerful Fiesco, familiar from Covent Garden, virtually is a solo turn here—and admires the marvellous detail quite independently of the action. With odd patches of slovenly singing and others that were piercing and well-directed, John Rawnsley's Paolo made a decent villain with little more support (Paolo's relation to Boccanegra ought to be more complex than anybody's), though he was well abetted by Geoffrey Moses' Pietro.

The young lovers are the American Carol Vaness, a rising star, and the Corsican Tibère Raffalli. Raffalli's tenor is ardent but not large, and used with taste; his deportment is innocent. As *Amelia*, Miss Vaness struck me initially as too mature and confident for that delicate, shut-away creature, but her dramatic alertness—within the limits of the production—and musicianship were not to be resisted. Her soprano is heartfelt as well as elegant, though she and Raffalli's Adorno make a passive pair.

Raffalli will be replaced by Mario Malagnini from June 20, but the conductor Bernard Haitink (who takes over Don Giovanni from Andrew Davis in early August) stays with all the performances. He is sensible and sympathetic with the score, as he is with practically anything; he is also rather plain and forthright; *there was no traught pianissimo, nor any continuous urgency, and few of* Verdi's orchestral devices (peculiarly plangent in this score) sounded properly haunting despite the London Philharmonic's cultivated efforts. I think there is a kind of Italian imagination which is indispensable *for realising Verdi's intentions, when the music is not overtly clever.*

Though they were deployed on stage with only routine verve, the Glyndebourne male chorus distinguished themselves: keen, beautifully balanced, exciting. They deserved to be exploited more generously. Some of David Hersey's lighting was up to his best sharp standard; *elsewhere I couldn't guess whether we had good designs injudiciously lit, or brave illumination of* clumsy sets. The drop-curtain of a heaving Genoan sea makes an irritating front-scrim for too many scenes. Honeywell Limited has sponsored this *Boccanegra* production, and on its behalf one would like to think that this rough, simple draft will grow into a dramatic whole as the run continues.

Timothy Noble and Carol Vaness in Simon Boccanegra

Cuckoo/Yvonne Arnaud

B. A. Young

When Emlyn Williams wrote the first draft of *Cuckoo* 30 years ago, he was advised that a play about a retarded woman would never get anywhere. Last year, friends recommended him to finish it and, as he says, "Here it is." I am sorry I cannot go along with his friends. I am no impresario. I can only offer my idea about whether *Cuckoo* is good drama. Impresarios have made money *from Arsenic and Old Lace*, a comedy about two adult lunatics. God help them.

Cuckoo is nothing like that. Cuckoo herself (Rosemary Leach) is the elder sister of Lydia (Tessa Peake-Jones), a *maturing young* woman who lives by the Thames in the kind of household that gave birth to *Hay Fever*. Her talk is confined to childlike expressions such as "Cuckoo got a pain," and vivid imitations of characters from radio comedies. (No television then. We are in 1935.) Also in the house are Madam, Lydia's aunt, a retired diva (Lila Kaye); Powell, Madam's brother, an *author* who lost *both legs in the war* (John *Stratton*); and Mam, Lydia and Cuckoo's mother. *Mam remains offstage throughout Act 1*, and dies at its *curtain-line*.

The household is invaded by a *rising* young businessman, Jerome (Anthony Smee) who hardly waits a moment to propose marriage to Lydia. Lydia accepts him, and the consequent difficulties are examined and cured almost at once by the application of a little money. Then a new, less amenable, difficulty arises. Cuckoo suddenly announces that Mam is not dead; *Lydia is Mam, and the real Lydia has disappeared.* A woman specialist is called in (Doreen Andrew), designed on the lines of a *Blithe Spirit* medium, but Cuckoo soon sees her off.

Emlyn Williams then adds more difficulties in too wholesale a manner. Powell, an *abstainer, reverts to his former* drinking excesses, and Madam recalls her mad ex-husband. In a sitting-room tussle, Powell falls off his wheelchair, and Cuckoo sees for the first time that he really has no legs. This precipitates a series of reverses so immediate and so convenient that one wonders why Mr Williams bothered to invent the problems. *Lydia stops being Mam. Mam is dead.* Powell sobers up and starts to teach Cuckoo to read, anyway to write a capital A on a blackboard that Jerome has borrowed from the local school for another purpose. Madam, certain again of her promised St John's Wood flat, returns to her normal level.

Gidon Kremer/Elizabeth Hall

David Murray

Kremer is an extraordinary violinist, but if his partner on Tuesday, András Schiff, sometimes seemed an accompanying *shadow the fault was acoustic. Kremer can produce a big tone* (and every other variety of tone too, some unheard-of) that defies the piano to do its worst; Schiff did his best at a barely-open Bösendorfer, and sounded —except in karate-chop passages of Bartók's *First Sonata*—as if he were a whole room away. From where I sat parts of Schumann's D *minor Sonata* seemed bass-less, and when Schiff aimed to match Kremer's eerie pianissimos he *vanished from earshot.*

Proper duo-balance was missed, then; and yet it barely mattered. Perhaps Schubert's *late Rondo Brillant in B minor* —a long, dramatically uneventful piece—would have gained more from Schiff's bright musicianship if that had been better exposed, but it is not a Rondo that one wants promiscuously revived. In Bartók, where Schiff most nearly held his own, the result was terrific; and *Schumann's late, arguably patchy sonata* was translated by astonishing colours into a potent experience.

Late Schumann is mostly frustrating stuff. (He was only *in his forties*, and mad.) You can spend years convinced that he must have had a Late Style, and that there must be a key to it. The Kremer-Schiff way was not to make a continuous argument for the Sonata as a structure—the repeats, faithfully observed, were radically *varied—but to present it moment-by-moment in expressive high contrasts.* Nobody can demonstrate better than Kremer why a range of speaking tone is more musical than a merely "beautiful" sound.

With Bartók's *Sonata No. 1*, which gives an urgent invitation to the violinist to exploit any*thing his instrument can do* (both Bartók's sonatas were composed for the gypsy lady Jally d'Aranyi), we got an inspired performance. All of it was compelling, sustained with maximum intensity in the playing and long-sighted grasp of the music. It was a triumph of exact feeling, not of histrionics. Kremer astounded in all the *right places; Schiff judged* precisely *where the harmonic* burden is crucial, and where—this is, as they say, *transitional* Bartók—stylish piano-pugilism is the main point. A pirate tape of what they did would probably be inadequate, and of course reprehensible, but a treasure: most of us are not going to hear a Bartók *One of this order again.*

The Nest/Bush Theatre

Michael Coveney

The distinctive plays of Bavarian author Franz Xaver Kroetz show ordinary people transfigured in a hyper-realist *landscape, often agricultural. In The Nest, a young married couple prepare for the birth of* their child. Kurt is a lorry driver whose income is supplemented by his own overtime and by Martha's cottage industry of tie-making. They are discovered watching a TV play by Franz Xaver Kroetz about a married couple expecting a baby.

The characters are fenced off from the audience by a wrap-around gauze net. This adds to the sense of them being speci*mens to be observed, and underlines Kroetz's deliberate and* merciless technique of unravelling action through sawn-off dialogue and viciously truncated scenes. This play especially strikes me as a refinement of Brecht's and Buchner's lyrical plays: there is a strong echo of *Woyzek* as Kurt descends into *the sea and later refuses to remain an organ-grinder's* monkey.

The peculiar tension of watching the couple make lists for the new arrival (should nappies be disposable or of towelling is indeed one of the great issues of the day) and bedding out plants that he must not invade gives way to an *ironic fiasco after the birth*. On a secluded beach where the couple have often bicycled to bathe, Kurt dumps several large cans of (unknown to him) poisonous waste. He leaves the stage and, in the play's one directly *sequential event, Martha and the baby (a powerfully invisible presence, is little Stefan)* come for a swim. The baby, dangled in the sea, turns blue and ends up burnt to within an inch of his life.

This ironic climax is followed by Kurt's reconciliation to his murderous status. He erects a danger sign on the beach and submits himself to the poison.

Sarah Pia Anderson's brave and confident production is an object lesson in the application of experimental techniques to minimalist text, translation by *Katharina Hehn. Kurt rolls* out the blue barrels at interminable length, but *Daniel* Webb, a brilliant *young actor*, never flinches. He proceeds to "submerge" himself twice, flailing in the water and dressing very slowly, in a way that distills experience to an unbearable ritual.

The hypnotic, exhausting quality of the evening is enhanced by Veronica Robert's blank, submissive, bemused and finally heroic wife, by Roger Glossop's design: and by Mike Figgis's throbbingly atmospheric, provocatively repeti*tive soundtrack.*

Saleroom/Antony Thorncroft

Uncollected letters

Christie's had a major disappointment in the morning session of its autograph sale yesterday when the twenty-seven manuscrip, notebooks of the 19th century *French entomologist Jean Henri Fabre, containing many fine watercolour* sketches of fungi, failed to find a buyer and was unsold at £28,000. This accounted for much of the bought in percentage of 30 in a morning total of £106,196.

Top prices were the £5,400 paid by Quaritch for a collection of letters on political matters between Horatio Walpole and his brother Robert, and the *same sum for a Papal Bull of* Honorius III, Pope between 1216-1227.

Six diaries kept by Lt Charles Rawson on Captain Scott's first Antarctica expedition of 1902 made £4,320 as did the autograph by Marat of his letter of resignation to the fellow members of the National Convention in Paris in 1973 and the manuscript of Sir Arthur Conan-Doyle's story "A Regimental Scandal," written in 1892.

The continental furniture sale at Christie's produced £234,695 in its morning session with a highish 29 per cent *unsold, suggesting* that this *market* still as *its problems*. A parquetry commodes just beat their top estimate at £15,120; an Italian scarlet lacquer and ebonised bureau cabinet went for £12,960; and a pair of Italian Empire parcel gilt and blue painted console tables did well at £9,180.

Sotheby's first sale of garden pair of late 18th century South German walnut and fruitwood statuary and architectural items at its Sussex saleroom outside Billingshurst was a fantastic success, totalling £707,745, with just 1.5 per cent unsold, but the musical manuscripts section of its literature sale on Wednesday was a curate's egg.

Schubert's *autograph manuscript* of the overture to the opera "Fierabras," one of the longest Schubert manuscripts to be offered at auction and covering 60 pages, was at the lower end of its estimate, selling for £165,000 to a private foreign buyer, but the top lot, Wagner's autograph manuscript to the overture of "Tannhauser" was unsold at £90,000. It is one of the few major Wagner manuscripts still in private hands, and Sotheby's expected bids over £200,000.

A large collection of Wolf-Ferrari material sold for £49,500 (below forecast) while Debussy's autograph manuscript of the song "*Colloque sentimental*" just scraped into its forecast at £44,500. The first movement of Beethoven's "Emperor Concerto," in a scribe's hand but signed by the master, sold for £11,000.

Yesterday afternoon Christies' sold Charles Dickens' "In *Memoriam*" *manuscript obituary of Thackeray for £18,360*, as against a £3,000 top estimate. The two novelists had not spoken for many years until just before Thackeray's death in 1863 but Dickens paid him a noble tribute. The manuscript turned up recently in the black deed box of the 19th-century *publisher George Smith.*

Continued from Page 20

Florence: (*Maggio Musicale Fiorentino*) Teatro *Comunale: London Symphony Orchestra* conducted by Claudio Abbado. Ligeti, Tchaikovsky and Dvořák (Thur) (2779236).

NETHERLANDS

Amsterdam, *Concertgebouw. Thomas Sanderling, conducting* the Netherlands Philharmonic, with Maria João Pires, piano. Beethoven (Wed). Recital Hall: Mondriaan Quartet, with Madeleine Milhaud-Milhaud, voice, and Marjanne Kweksilber, soprano. Milhaud (Wed). (718345).

Utrecht, *Vredenburg.* The 1986 Liszt piano *concours*. First round Mon to Wed, 11, 2 and 8 pm; second round same times Thur. (314544).

Amsterdam, Tropeninstituut (Linnaeusstraat 2). The music of Islam: religious songs from Brunei (Mon, Tue); *improvised sacred poetry from* Indonesia (Wed, Thur). (5688500).

The Asko Ensemble conducted by Denis Cohen, with modern French *works* by Cohen, Fenelon, Amy and Barraqué. Tue in Amsterdam, Paradiso (237348). Thur in Eindhoven, Schouwburg (111122).

VIENNA

Robert Holl, Lieder, Oleg Maisenberg, piano. Rachmaninov, Scriabin, Tchaikovsky, Borodin, Mussorgsky. Musikverein, Brahms Saal. (Mon).

Vienna Hofburg Orchestra, conducted by Gert Hofbauer, *waltzes* and light opera. *Konzerthaus* (721211). (Tue).

Vienna Symphony Orchestra, conducted by Hans Vonk, Schreker, Berg, R. Strauss. Musikverein. (Wed).

ORF (*State* Broadcasting Corp) Symphony Orchestra, conducted by Leopold Hager, with Jolanta Radek, *soprano*, Carolyn Watkinson, alto; Claes H. Ahnsjoe, tenor; Robert Holl, bass. Mozart. Musikverein. (Thur).

Theatre

TOKYO

Takarazuka All-Girls' Revue: This phenomenon, the antithesis of Kabuki and where all the roles are played by girls but with typical Japanese innocence and earnestness, is a must for visitors. Takarazuka per*form elaborately*-staged and skilled musical adaptations of both Japanese and Western plays – also revues and standard musicals. Highly improbable plots are more than compensated for by spectacular stagings. Detailed English summa*ries in the programme – in case the* original story is altered beyond recognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances. (501 1711).

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems *from the original film like Shuffle* Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs. *Harvey Fierstein's adaptation of the* French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving *to Broadway*, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars. Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elmor Renfield, *who last directed Peter Nichols's* Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (488 3300).

WASHINGTON

The Caine Mutiny Court Martial (*Eisenhower*): Charlton Heston and Ben Cross star in the military courtroom drama written by Herman Wouk. Ends July 6. Kennedy Center (254 3670).

CHICAGO

Orchards (Goodman): Seven American playwrights, including Michael Weller and John Guare, interpret Chekhov short stories for an inspired evening of performances by the Acting Company which made the commissions. Ends June 29. (443 3800)

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable *songs, especially one played on kitchen utensils has proved to be a du*rable Chicago hit. (935 6100).

NETHERLANDS

Amsterdam, Suikerhof Theatre (Prinsengracht 381). The Hall Family presents Old Time Music Hall, with *songs to make you sing and jokes to* make you weep (Fri, Sat, Thur). (227571).

Amsterdam, Museumplein Marquee. An evening of modern circus from Les femmes de cirque (Wed, Thur).

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Blithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, *acted without undue Cowardian reverence by Simon Cadell*, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

When We Are Married (Whitehall): Matchless comic playing from an all *star cast in Priestley's* comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): *Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg* movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. *No child is known to have asked for* his money back. (834 6184).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Interpreters (Queen's): Love among *the diplomats, according to Ronald* Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Are You Lonesome Tonight? (Phoenix): *More musical biography* with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

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Optimism at the OECD

TO LOOK a gift horse in the mouth may be regarded as ungracious but it is a worthwhile precaution. The Organisation for Economic Co-operation and Development, in today's biannual Economic Outlook, has added its voice to the cheerful chorus of commentators and politicians who have recently been heralding the onset of an economic golden age. The oil producers' gift of $15 a bl, worth $60bn a year to the OECD countries, has created macroeconomic conditions "more propitious than they have been for some years" for non-inflationary economic growth and the correction of structural imbalances and problems, the outlook says.

In making this judgment, and backing it up with projections of steady growth in the 2½ per cent to 3½ per cent range for each of the leading industrialised countries, the OECD is taking no risks with its reputation: its forecasts are firmly within the optimistic consensus which has taken hold in stock markets and finance ministries throughout the world. However, to its credit, the OECD goes beyond mere endorsements of the current mood of self-satisfaction. Unlike the rather more flattering World Economic Outlook which was published by the International Monetary Fund in the run-up to the Tokyo economic summit, the OECD's analysis explains today's economic conditions as much by good luck as good management. The distinction is important, because the bigger the short-term benefits from cheaper oil turn out to be, the greater is the risk that official complacency will ultimately emerge as one of the biggest obstacles to further improvements in world economic performance.

At the simplest level, a series of charts shows that the prospects for the world economy were beginning to deteriorate from the middle of 1985 onwards and that growth would by now have been markedly lower in the absence of the benefits from cheaper oil. More importantly, the outlook reminds us that the current recovery has been unusually slow by historical standards and that no improvement is on the cards: "for a time when the macroeconomic preconditions for expansion are in a number of respects so favourable, the growth rates now in prospect can be considered somewhat disappointing."

Indeed, for the OECD area as a whole, the recovery which began in 1982 will prove to be the weakest since the Second World War, even assuming that the forecast 3 per cent growth rates are achieved both this year and next. Considering that the current recovery began from the deepest recession since the 1930s and that it looks like being the only cyclical upswing on record in which the terms of trade have actually improved for the OECD countries at the expense of the commodity producers of the Third World, this is a doubly disappointing performance.

When it comes to suggestions for overcoming these disappointments, the OECD endorses the widespread consensus in favour of "structural" rather than macroeconomic policies: but again its endorsement is expressed in more muted and sophisticated terms than those which we have become accustomed to hearing from the Finance Ministries of the world.

Economic reform

The usual litany of trade, labour market and agricultural policies makes its appearance in the OECD's assessment of what has gone wrong. Also, like the IMF, the OECD seems generally impressed with the West German and Japanese case against fiscal reflation. Both these countries allegedly need to maintain downward long-term trends in their ratios of public debt to GNP, in preparation for the next century when the huge pension liabilities for their rapidly ageing populations will come due.

This argument is highly questionable, since ultimately faster growth and higher domestic investment will be the only way of generating the real resources which West Germany and Japan will require for future pension liabilities. Meanwhile, on structural policies, there is relatively little in the way of concrete advice on how politicians, particularly in Europe, are to reconcile the needs for economic reform with their electoral requirements. The OECD notes, for example, that Britain remains a "notable exception" to the trend towards lower real labour costs throughout the industrialised world.

There are no particular suggestions about how Britain can overcome this problem. But even this vagueness is in some ways a virtue. For it underlines a refreshing lack of dogmatism and arrogance in the OECD's approach which economic policymakers all over the world could profitably learn from.

Gas prices can fall too far

GAS USERS have hardly ever had it so good. The halving of oil prices has come at a time when natural gas is in plentiful supply. Oil and gas producers with severely reduced cash flow are anxious to sell all they can. So prices are falling. The danger is that this short-term bonanza will give the wrong signals to producers and consumers.

In the US the partial deregulation of prices charged by producers and pipeline companies has led to fierce competition, a sharp cut in prices and rapid development of a spot market in gas.

Spot prices for US natural gas have about halved in the past year to less than $1.50 per thousand cubic feet. Not all of the 1,700 private and publicly owned companies which distribute gas to consumers benefit to this extent, because they are to varying degrees locked in to longer term contracts.

Nevertheless the trend in the US has been for contract periods to shorten and for all prices to ease as competition hots up. The administration's desire to press ahead with complete deregulation in the next few years will intensify competition.

At present between 40 per cent and 45 per cent of US gas supplies are still controlled by regulation at what used to be seen as artificially low prices. However, the market is itself now driving prices well below the level which gives operators an incentive to prospect for and develop new sources of supply.

Freer markets

In Europe, where competition is much more restricted, prices have fallen more slowly, so it may be tempting to envy the effects of the US's vigorous market.

In Britain, the decision to privatise British Gas and the legislation which allows competing suppliers to enter the industrial market are at least gestures in the direction of freer markets, even if they are likely to have minimal effects in the foreseeable future.

In the medium term there are signs that a freer market could open up across national boundaries if only to help minimise the need for expensive storage facilities in individual countries to meet fluctuations in demand. The British Government has given a rather ambiguous signal that it would be prepared to relax the present restrictions on the export of gas from the UK continental shelf. This would be a valuable market freedom, even though volumes of exports would not be expected to be large.

Yet although the freeing of the US gas market in recent years has demonstrated the benefits to the consumer, there are now good reasons to be wary about pressures which will drive prices further downwards.

It is important to recognise that the era of abundant cheap natural gas is probably drawing to a close. The world's total reserves might well last for 100 years or more at present rates of consumption. But all the signs are that these reserves will be in relatively smaller fields and will be more expensive to produce.

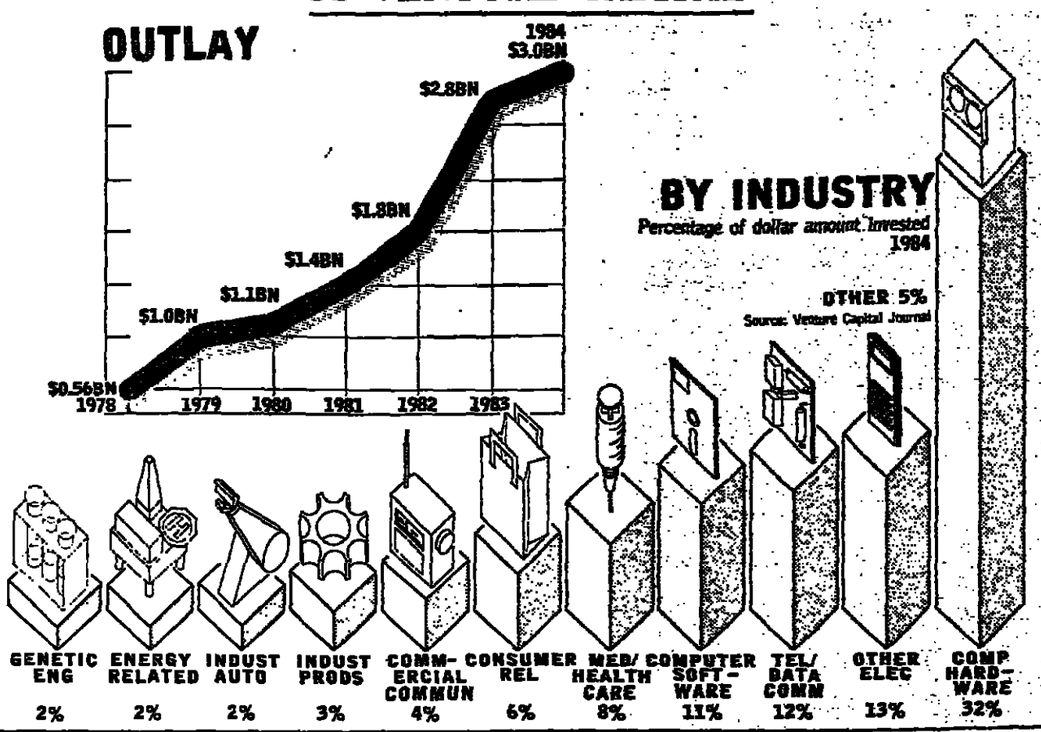
It is true that in the past projections of oil and gas reserves have been consistently pessimistic. In the US, for example, fields discovered since the Second World War have yielded two to three times more gas than was initially estimated.

A glance at the map of the North Sea suggests that even if there are very large gas fields waiting to be discovered, they will be in deep and hostile waters. In the US, the last decade of drilling seems to show that new fields will be relatively sma

Moreover, the West must not forget that perhaps half the world's probable reserves of gas are in the USSR, while 80 per cent of its oil reserves are in the Gulf. Thus gas prices, and oil prices, can fall too low. There are already signs that the pace of exploration and development is dangerously slow in the US.

It would be wrong to expect governments to try to buck the world market trend by trying to push gas prices to unrealistic levels. However, they need to use their influence—which in some countries is very considerable—to ensure that gas prices are maintained at least at the level of competing fuels, and preferably somewhat above. Gas is a premium fuel which will become scarcer. It increased its share of the total European energy market by 50 per cent in the past decade. Now is the time for prices to signal that the heyday of expansion is over.

US VENTURE CAPITAL



Brana Radovic

A steep and painful learning curve

By William Dawkins

BROOK BYERS, a partner in the San Francisco-based venture capital group, Kleiner, Perkins, Caufield & Byers, has just saved himself a trip to London.

Apart from using the occasion as an excuse for buying antiques, Byers was to have been pitching for British investment for his latest $150m fund, the first time he has been in the market for cash for four years. Since the fund is now 50 per cent oversubscribed by existing US clients keen to pour money into early-stage high technology businesses, Mr Byers has been compelled — to his surprise and slight embarrassment — to cancel his London appointments.

Mr Byers' absence in Britain is one illustration of how the US venture capital industry is recovering from the toughest shake-out in its history. US risk investors tend to be secretive about details of their performance, but it is clear that they are turning the corner after a two-year period which saw over-optimistic hopes being dashed and an unprecedented number of high technology companies going to the wall.

Small venture-backed companies are now making public share offerings in greater numbers, more new investment proposals are coming forward and the industry is attracting a greater flow of new funds.

The industry has been through bad times before, yet this experience has left its reputation uncomfortably scarred. It holds lessons for those in Europe who hold up US venture capital as a world exemplar of how to cultivate the innovative technologies and entrepreneurial drive they would like to recreate in their own countries.

In a sense, US venture capital suffered from its own success. The rot took hold in 1983, when the beginnings of the latest bull market encouraged a record 120 venture-backed companies to achieve public flotations—well over four times the previous year's total.

Their backers made fortunes and annual returns of 30 per cent or 40 per cent were not uncommon. It was also "the most damaging year in the industry'se history," argues Mr Stan Pratt, chairman of Venture Economics, the US research consultancy.

The reason? It led investors to expect too much too fast from young and unstable companies. Few people took much note at the time that the average US flotation candidate in the euphoric 1983 new issues market was just three years old, a tender and dangerously inexperienced age by the standards of an industry that had, until then, been accustomed to bringing ventures to market six to nine years after start-up.

Even Mr Burt McMurtry, one of the most experienced players in the game and a partner in the respected Californian firm, Technology Venture Investors (TVI), admits to having been seduced by the new issues boom. "The flow of investment opportunities really startled me," he recalls.

"The demand for initial public offerings was so great that we could see huge values. We clearly lowered our standards for investment because our quality thresholds had been so high that we were missing some opportunities which later turned out to be financially very rewarding," recalls Mr McMurtry.

Accordingly, US venture capital investment in small companies shot up by 56 per cent to $2.8bn in 1983, climbing further to $3bn the following year. Scores of inexperienced new investment groups joined the industry, tempted by its glittering success — a spectacle which reminded one fund manager of sharks flocking to a feeding frenzy.

Inevitably, the poor quality projects soon showed. TVI, for instance, has lost six of its 1983 complement of 42 companies; and nobody knows exactly how many fatalities occurred across the rest of the industry. Badly managed companies were not the only ones to suffer.

As the accompanying chart shows, a large proportion of US venture capital is invested in technology. A sudden flood of money into a handful of fashionable sectors like microprocessors or disk drives which seemed to promise high growth only contributed to the saturation of those markets and the bloodletting that followed.

"We had to take on competition at a level for which we were not prepared," says Mr McMurtry. "We had not realised that the most effective competition for a start-up is another start-up. They will both be tackling a very precise niche and moving very fast — so only one of them is going to win."

Venture capital's own grim version of natural selection means that problem has receded recently, though it has not gone away. Revealingly, just 10 US microcomputer producers managed to raise venture capital last year, against 60 in the previous two. Even so, Mr McMurtry can think of at least eight US supermini computer makers with products that still compete too closely for comfort.

The survivors from the first round casualties ran into a different dilemma. Their financing needs reached a peak just as investors' earlier over-optimism started to crumble.

As any venture capitalist knows—but can all too easily forget — a small start-up can often swallow three or four times the value of its first round financing before it is ready to be sold or go to the stock market. Working capital needs will tend to get heavier towards the end of the process as the first products emerge.

Mr Peter Crisp, a partner in Venrock Associates, the New York firm which handles the Rockefeller family's private fortune, explains: "A lot of companies formed 16 to 24 months ago were at their peak cash burn rates when the environment for venture capital was at its most hostile."

The result was to produce some of the biggest losses ever seen from venture-backed companies. Among the most painful disasters of last year are Atasi Corporation, a disk drive producer, and Gavilan Computer, a personal computer manufacturer, Californian companies which swallowed $39m and $31m of venture capital respectively before filing for bankruptcy.

In some cases, venture capitalists' new caution was just as overdone as their earlier excitement.

All this has left US venture capitalists rather wiser—though not necessarily sadder—than before the heady days of 1983. The experience has also highlighted profound changes taking place in technology-related manufacturing industries, whereby profitable market niches suitable for small businesses are getting shorter lived and harder to identify.

This means it is no longer good enough just to fling money at a good team serving a fast expanding business area. "In the 1970s, if you had good management in a growing market, you were OK. But that is no longer true. You also have to find a market that cannot be invaded easily," says Mr Bill Egan, a founder of the Boston venture group Burr, Egan, Deleage.

He cites computer hardware as a prime example of a once fast-growing market that is becoming increasingly unsuitable for start-ups. "That means the technology has to be different — in areas like databases and the handling of information," says Mr Egan. "Where we are with hardware is like television in the 1950s. There are plenty of boxes, but we are less developed when it comes to finding something to show on them."

The US venture capital shake-out has meanwhile driven home the ease with which venture capital funds can suddenly find themselves lumbered with more companies than their managers can handle.

Most US venture capitalists believe in adding value to investments by getting closely involved in management. For that reason, they will often be prepared to back earlier stage businesses than more traditional "hands-off" groups as characterised by the venture capital arms of several British merchant banks.

By unfortunate coincidence, formerly popular technology sectors became overcrowded just when many venture capitalists were too busy with too many investments to offer the management help needed by their troubled companies. "Even now," says TVI's Mr McMurtry, "there are some firms where indivduals are sitting on 19 or 20 boards of directors. You simply can't know enough about that many companies to take an active part."

The fact that British venture capital has not yet felt a shake-out of US proportions underlines some important differences in the way the UK and American industries work. Both are funded mainly by financial institutions like pension funds and insurance companies, but while investments are made predominantly in the US by small independent fund management groups, UK venture capitalists are more frequently employed by large banks or pension funds.

This means that British institutionally-owned venture capital groups are likely to be more cautious and slower in making investment decisions than their US counterparts. They have more protection against making mistakes, though they might take fewer risks than independent US fund managers.

Moreover, British venture capitalists have never seen a new issues market downturn of the same scale as the US. The number of venture-backed new issues on the US over-the-counter (OTC) market plummeted from 121 in 1983 to just 54 the following year, with devastating effect on the climate for raising private capital. London's Unlisted Securities Market has a much more stable record.

The worst, however, is now over. Venture Economics records that 85 small companies raised almost $600m on the US OTC in the first quarter of this year, well over twice the amount raised in the same period in 1985.

That is still well short of 1983 levels, when venture-backed companies raised a record $3bn from initial public offerings, but it is significant that two of the largest flotations from the industry this year come from sectors that investors would have cold-shouldered as little as six months ago.

They are Microsoft Corporation, a Washington (state) based microcomputer software designer—one of Mr McMurty's deals—capitalised at $519m and Sun Microsystems, a Californian maker of technical workstations, valued at $419m. In the wake of their safe arrival, US venture capitalists are now busy registering their most hopeful high flyers for flotation later this year.

Lower down the scale, memories of flops like Ataxi and the other half-dozen or so $20m plus venture-backed disasters of 1985 linger obstinately. It is still difficult for later stage ventures to attract so-called mezzanine finance, the last round of funding before a planned flotation. "People are still unwilling to jump into the fray," says Mr McMurtry.

Improvements in private market valuations have in the past tended to lag upturns in new issues, so most observers believe it is only a matter of time before the mezzanine finance market begins to pick up. There is certainly a lot of money building up waiting to be invested. According to Venture Economics, the industry is now in the process of raising $2.7bn for new funds, well up on the $2.3bn attracted in the whole of last year.

If institutional investors feel more like rejoining the risk game, the signs are that they are getting choosier. Some of the smaller and less experienced funds could well find themselves starved of new cash this year. "Our investors say that they are getting more selective and that they are putting more money into fewer funds this year," says Mr Byers.

But few people expect this period of relative calm to last long. Mr Pratt of Venture Economics points out that the industry has always been volatile and will probably continue that way. "We seem to spend all our time swinging between states of agony and ecstasy," he says. "Right now we are somewhere in between—and we are moving fast."

Men and Matters

A good deal dearer

Bob McElwaine who, 40 years ago, used $2,500, acquired partly from poker winnings, to start a car dealership in the US, talked yesterday about the astronomical costs of getting into the business in 1986.

Today, it costs at least $1m to set up a dealership. Earlier this year, a BMW-Rolls-Royce dealership in southern California changed hands for $3.5m and "that didn't include land or buildings. All the buyer got was the right to pay $45,000 a month rent."

A Mercedes dealership in California is up for sale now for $15m. "That could be a world record," McElwaine said at the Financial Times motor industry conference in Geneva.

He pointed out that, because the car manufacturers will only hand out their franchises to individuals and not to corporations, anyone selling a dealership today has very few potential customers capable of writing personal cheques in seven figures.

"Since it is an accepted fact that the two happiest days of a dealer's life are when he buys his dealership and when he sells it, this puts stringent limits on his happiness," said McElwaine, who is president of the American International Automobile Dealers Association.

Perhaps the most awe-inspiring statistic he produced was the fact that the annual advertising budget in the US for a major importer such as Toyota or Nissan is now more than $200m. "Just think," McElwaine mused," the cost of an entire new car factory merely for a year's advertising."

Coffee break

Dr Garret Fitzgerald, the Irish Prime Minister, who has spent much of his time in office struggling to reduce state involvement in ailing industries, yesterday personally intervened to ensure the future of a revered Dublin institution, Bewley's coffee shops.

Bewley's famous establishments, complete with leather benches and newspapers for breakfast clients, still fill the morning air of Grafton Street and Westmoreland Street with the rich smell of fresh coffee and remain a favourite haunt for many Dubliners.

But economic recession, competition from hamburger joints, a failed pension scheme that has to be financed out of current revenue, and an old-fashioned management structure have left Bewley's losing money for some years.

Fitzgerald could not bear to see the demise of the company, whose chief executive, Patrick Bewley, is the last of the Bewley family still directly involved. So he has asked a state body called CERT, which runs a successful hotel chain, to help out.

"I feel that Bewley's is a special and vital part of Dublin's essential character and should be preserved," said the Prime Minister. One of his closest advisers had another explanation: "Garret must have spent his youth in the place," he said.

Ring-fence

Any corporate public relations department which forbids its main switchboard to disclose the direct-dial number of its director and routinely requires its press officers to take written records of conversations with journalists is apt to appear a trifle bureaucratic.

Such practices have earned British Telecom's 120-strong corporate communications department a reputation as less than helpful among those who have to deal with it regularly. Critics include not only journalists but other companies' PR men and some BT managers, who feel the department's crusty civil service style hardly suits the thrusting commercial image which the company has striven to project since privatisation.

But change may finally be on the way with the appointment of 46-year-old Bob Raggett as deputy director of corporate communications. A journalist who currently works for Telephony magazine of the US and Jane's defence publications, Raggett is respected as a shrewd and independent-minded commentator on the telecommunications industry.

He decided to take the job after being wooed for almost a year by top BT brass including chairman, Sir George Jefferson and chief of operations Iain Vallance. Raggett joins in August and is tipped to succeed Peter Young as head of the department when the latter retires a year later.

Raggett believes the department, which includes advertising, trade fairs and investor relations among its responsibilities, could use a reorganisation to make it more flexible and responsive. His first task will be to try to improve BT's relations with the press, an area where he acknowledges there are problems.

"A lot of rubbish is written about BT," he says, partly because the company's own PR spokesmen have been too defensive and concerned with "keeping their noses clean." He favours a much more positive and outgoing style. "The art of being a good press officer is to know your journalists," he says.

Safer deposits

There are still a lot more bank robberies in Quebec than in any other Canadian province — but gradually, the police seem to be getting things under control.

Between 1978 and 1981, Quebec achieved some notoriety. Robberies averaged about 800 a year, half of them in Montreal, and accounted for some 70 per cent of Canada's total.

Last year, says a grateful Canadian Bankers Association, robberies across the country were down to 991, including 444 in Quebec. The average take was C$3,200.

Most hold-ups these days are by "beggar-bandits," or young men, sometimes armed, who wait their turn in the queue to pass threatening notes to the tellers and make off with amounts of around C$500-700.

They often keep coming back for more until they are caught. Montreal police now capture about 70 per cent of robbers, and Toronto police have raised their success rate to 80 per cent. The days of heavily-armed gangs of masked bandits, terrorising a branch and shooting it up, appear to be long past, thanks to better police work, better bank security, smaller cash floats and tougher sentences.

Today's man

Eddy Shah's Today, which has prided itself on its independence of all political parties, has just appointed Christopher Monckton of the Downing Street policy unit as an assistant editor.

Monckton, who began his career as an office boy on the Yorkshire Post, has spent the past 12 years hopping between politics and journalism. He has been leader writer for the Yorkshire Post and for the Standard, written speeches for Geoffrey Howe, worked at the Conservative Central Office as press officer, and edited The Universe.

At Today, Monckton will be "helping out with the paper's political line." His greatest challenge, he says, will be to "strike a balance between loyalty to my present employers and writing intelligent criticism of Government policy."

Observer

POLITICS TODAY

The Treasury's £2bn card

By Malcolm Rutherford

THIS IS the time of year when speculation breaks out in the UK about the level of government spending. Are the big spenders going to besiege the Treasury and win a lot more money for health, education, housing or whatever?

This year it has begun a bit earlier than usual, partly because of the Government's setbacks in the local elections and by-elections at the beginning of the month and partly because of the Cabinet reshuffle in which Mr Kenneth Baker — a spender — has taken over from Sir Keith Joseph — generally a saver — as Secretary of State for Education.

Departmental bids for funds are supposed to be on the desk of Mr John MacGregor, the Chief Secretary to the Treasury and the man who conducts the bulk of the negotiations, by the end of this week. There may be some delays. Government departments are not always as efficient as they might be at meeting deadlines and some allowance is being made for the ministerial changes. Mr Baker and Mr Nicholas Ridley, the new Secretary for the Environment, may not want to make quite the same submissions as their predecessors.

Mr Ridley, not generally thought of as a big spender, took over at Environment from Mr Baker. There is a fine political trap. Given that there is a limited amount of money to go round, does Mr Baker now want more for education and less for the environment, or more for both? Will Mr Ridley accommodate an increase in educational spending by restraining the demands of his own department? Those are the sort of questions about to come up.

There are three reasons why the search for the answers may not be as dramatic as the build-up to the contest.

- The government machinery for controlling public expenditure is considerably better than it used to be.
- The Treasury has rather a lot of spare, or at least unallocated, money at its disposal.
- It may be possible to reconcile the conflicting aims of cutting taxes and spending more on public services by doing both.

Mr MacGregor says the one thing that he will be unable to do is to write a book like Joel Barnett's "Inside the Treasury." Lord Barnett was Chief Secretary throughout the Labour Government of 1974-79. His book records a chronicle of disasters, with ministers pressing for more spending without knowing where the money was coming from and the general impotence of the Treasury to prevent them until the IMF was called in.

Mr John MacGregor, Treasury Chief Secretary.

That has changed. The overall spending totals for public expenditure are set up to three years in advance and are broadly adhered to. The figure for the current year is £139bn. For 1987-88 it is £144bn, and for the following year £149bn. It would be very surprising—and a signal that the Government had lost its nerve—if they were much breached.

Yet there can be changes in the direction of spending. Last year's public expenditure review was about priorities. Defence, for example, ceased to be quite as sacred as when Mrs Thatcher first came to office. It then had its big increase: nowadays the Ministry of Defence must rely on securing better value for money.

This year's review, which is just beginning and is about 1987-88, is being concentrated on priorities within departments.

The proceedings should be relatively straightforward. The departments submit their bids. The Cabinet has a general discussion about priorities in public expenditure some time in July, approves the global total of £144bn, or thereabouts, and the Prime Minister finds a way of announcing it in the House of Commons in Question Time in the afternoon.

Again, the warning note: if it does not come out like that, something will have gone badly wrong for the Government.

Yet, assuming no mishaps, the Treasury then spends the summer crawling over the figures of the detailed submissions and the reasons behind them. In September the temperature rises. The Chief Secretary holds his series of bilateral meetings with the spending ministers and asks why this and why that and what about the offsetting savings. Mr MacGregor is probably a tougher Chief Secretary than some of his predecessors.

There is still a safety valve. If the Chief Secretary and some of the big spenders fail to see eye to eye, the Star Chamber will be resurrected. Viscount Whitelaw, who presides over it, said two years ago that it was a rotten procedure and should never be used again. Last year he was prevailed upon to do his duty, and did it very well.

It means adjudicating between the Chief Secretary and ministers who want more money. The last resort is for the matter to be taken to the full Cabinet.

The card up the Treasury's sleeve is the amount of money it has available. It would be quite easy to provide the spending departments and the local authorities with upwards of an extra £2bn without any adjustment in policy.

The explanation is the size of the reserve. What used to be known as the contingency reserve, but is now just the general reserve, was set at £4.5bn for 1986-87, £6.3bn for 1987-88 and £8bn for 1988-89. Up to about half of the £6.3bn could be available for allocation in the coming expenditure round.

A lot of it will go to the local authorities. Last year's autumn statement on expenditure left open the provision for the local authorities for both 1987-88 and the following year largely to see how they behaved in the meantime. Much will depend on their approach to next year's pay negotiations, the wage bill accounting for up to 70 per cent of some local authority spending. But whatever happens, the local authorities will get more money.

Ministers know this, of course. It is all in the published figures. So what is beginning now is not a battle about whether the Government should spend more money. It is about how the money available should be spent. The battle will be no less fierce for that, but assuming that ministers are willing to talk to each other, it does not have to end in slaughter.

In the old days it would have been said that the Government was preparing for a pre-election boom.

That does not mean that the Government will automatically win the election. Never overlook the boredom factor and the natural reaction against a party that will have been in power for nine years in 1988, but it does suggest that the aim of cutting direct taxation while preserving and improving public services is not unattainable.

EEC CEREALS POLICY

Ear-bashing for the CAP

By Andrew Gowers

THE SOUND of self-congratulation has been almost deafening among British ministers since the EEC agreed on its 1986-87 farm price package at the end of last month.

"This is a real success for Britain and for Europe," said a bleary-eyed Mr Michael Jopling, Agriculture Minister, after he and his colleagues had thrashed out their compromise agreement in Luxembourg.

But what has the Community really achieved on the central question of cereals policy? Will this year's medicine do anything to address the growing structural surplus of grain which is widely recognised as the underlying illness?

The obvious "achievement" is that, by a variety of devious stratagems including tougher quality standards and a tax supposedly levied on cereal producers, grain prices have been cut—an aim which Mr Jopling has been pursuing since he came to office in 1983. The amount of the reduction varies between member states because of changes in green currencies—the notional exchange rates used to calculate farm prices—but in Britain, farmers' receipts per tonne of grain from this year's harvest will probably be down by at least 7 per cent.

But it is hard to find anybody prepared to predict that the strain will be enough to persuade any great number of farmers to stop growing cereals.

Consider these numbers. Last year's EEC cereals crop, estimated at 139m tonnes, was the second largest on record. Grain yields continue to grow at an annual rate of between 2 and 3 per cent, which means that a roughly static amount of cereal acreage is producing more grain every year.

The European Commission, which is constantly having to revise its estimates skywards, forecasts that if the present system is retained, including Spain and Portugal, total EEC cereals production could approach 180m tonnes in 1991. With consumption stagnating and new outlets such as industrial uses for cereals unlikely to be viable, that implies a structural surplus of stocks held by government agencies, with no conceivable outlet, of about 20m tonnes in the Community of Ten, excluding Spain and Portugal.

The likely costs to the sorely-stretched Community budget hardly bear thinking about. A report published last year by the agricultural information service Agra-Europe* estimates that supporting cereal farmers could cost the EEC about Ecu 8bn (£5.04bn) by 1990 if nothing is done to stop the production spiral.

Yet the fact remains that little is being done. Notwithstanding the latest cuts, EEC cereal prices remain high—both in relation to the world price and to the possible returns from alternative farm products.

Even if the cuts go further, say many of those involved in farm and countryside issues in the UK, what then? Sir Derek Barber, who advises the Government on such matters as chairman of the Countryside Commission, believes that pressure on marginal producers will indeed become intolerable over the next few years. Particularly affected, he says, will be those growing cereals on farms of between 300 and 400 acres (120 to 160 hectares) in the West Country and the Midlands, many of whom have gone into grain relatively recently.

There remain very few agricultural products to which EEC farmers driven out of cereals can switch. The Community still has a trade deficit in protein crops like oilseed rape, but subsidising them has proved very expensive over the last couple of years. Forestry is another option being examined with increasing enthusiasm in European capitals including London, given that EEC countries are substantial importers of timber. But that, too, is a costly business, and trees take decades to bring returns.

Such fundamental structural questions have long been subordinated by European farm politicians to the more interesting pursuit of seeking to maintain or increase the production subsidies which are the backbone of the Common Agricultural Policy.

But, gradually and painfully, the agricultural establishment in several EEC member states is coming to the conclusion that the surplus is not simply one of individual crops but of productive capacity.

The message is beginning to sink in, too, with the EEC agricultural authorities. Last month, the European Commission brought out a little-noticed set of proposals designed to encourage early retirement of ageing farmers and the switching of land from producing surplus crops to growing those in deficit.

West Germany, bane of the price-cutters over the past two years, is actively considering more direct ways of limiting production. And even in Britain, long the advocate of applying greater market disciplines to agriculture, officials are hard at work on alternative options.

If cereals output is to be curbed by fiat rather than by market forces, there are two routes which EEC governments could pursue: production quotas, which would set the tonnage each individual farmer is allowed to produce, or acreage limitations, which would eliminate surplus production capacity, either permanently or temporarily.

Quotas, such as were introduced on milk production in April 1984, are regarded in Whitehall and in Brussels as an administrative nightmare and a grave impediment to efficiency. But they have some attractions for the farm lobby, since they tend to cartelise agricultural production and can be used as an excuse for boosting prices.

Mr Jopling's preferred solution, and one which he will be touting during Britain's EEC presidency in the second half of this year, is known, somewhat cryptically, as "set-aside."

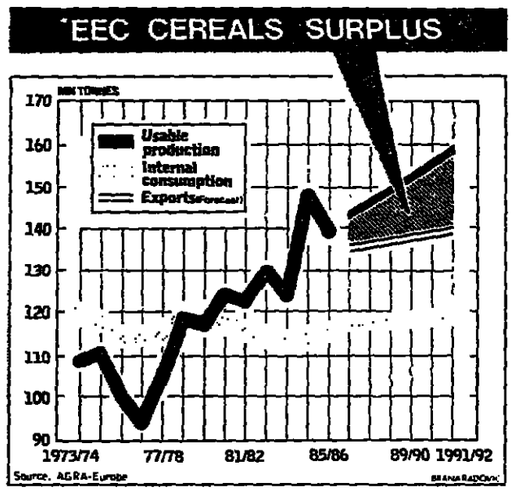
Under this scheme, which in a different form has been a component of US farm policy for several years, prices would be kept under pressure—say, for five years — and those farmers finding the going tough would be given financial incentives to fallow their land, to devote it to alternative crops or to turn it into environmental parks.

The political, administrative and economic difficulties involved can scarcely be overestimated. Farmers often object in principle to what they see as being paid for doing nothing. Attracting the interest of the EEC's almost 3.6m cereal farmers would be no mean task. Nor would costing the scheme and paying for it.

But such a scheme would be a move from the perennial farce whereby the Community tries to subsidise farm businesses of immensely varying degrees of efficiency via a common price mechanism. Those farmers able to compete at lower prices would be free to do so; those who are not would be bribed not to interfere with the market.

The alternatives are bleak. Yet again the CAP is on the brink of running out of money as a result of the fall in the dollar and the battle for world markets unleashed by the US. EEC ministers are already too late to exert much influence over farmers' 1987 planting decisions, since their next farm price deliberations will not be completed until next March at the earliest.

If Mr Jopling wants his plan to take off, he will have to do some vigorous table-bashing in Brussels over the next few months. Even then, events in the EEC's budget crisis may overtake him.



* Excluding Spain and Portugal.

* Cereal supply control in the European Community: £40 from Agra-Europe, Agroup House, 16 Lonsdale Gardens, Tunbridge Wells, Kent.

Letters to the Editor

A disgraceful precedent

From the Chairman, Britannia Refined Metals

Sir,—Mexico's current debt problem is based on borrowing from the world commercial banking system for political and economic purposes against the security of oil flow. Having effected this transfer of resources from the world private sector to the Mexican public sector the arithmetic has gone wrong as a result of the collapse in oil price.

Unfortunately, President de la Madrid, in deciding which way to jump, has a disgraceful precedent which he may well decide to follow. This precedent is the collapse of the International Tin Council and the failure, to date, of 22 subscriber governments to honour its debts.

These 22 governments (including the UK and other EEC countries), operating commercially through the ITC, effected a transfer of resources from banks and brokers in order to support an unrealistic floor price for tin rather than lowering the floor price to a more realistic level. When this strategy failed the governments first sought some way of "burden sharing" and subsequently have done nothing to settle the financial obligations of the ITC amounting to over £500m to banks and brokers combined.

Can any of those concerned with the Mexican borrowing situation be surprised if Mexico decides to follow this disgraceful precedent?

R. H. Y. Mills,
Botany Road,
Northfleet, Kent.

Demanding education

From Dr H. Chasty

Sir, — The comments by Christopher Dunkley, in Today's Television (May 16) that both pre-menstrual tension and dyslexia are often used as a prestige excuse, are ill-informed and out of date. His views do not reflect current thinking in both independent and maintained sectors of education, following the Education Act 1981.

The assessment and identification of dyslexic children, or to use a better term, children with specific learning difficulty, depends upon a detailed analysis of the child's difficulties in hand skills, short term memory, and perception which cause consequent retardation in his reading, spelling and writing skills. Assessment and precise skill-based teaching can help these students, to take in and express ideas competently in a verbally demanding education system which is still heavily loaded against them.

Equally important, is the recognition and understanding of their information processing difficulties, and the development of greater public awareness of the real nature of their problems. This is not helped by this superficial and divisive comment.

(Dr) H. T. Chasty,
(Director of Studies),
Dyslexia Institute,
133 Gresham Road,
Staines, Middlesex.

Market for the big boys

From the Group Taxation Manager, Cadbury Schweppes

Sir, — Mr Tegner (May 27) need not worry. The 1985 Finance Act amended the legislation on deep discount securities introduced by the 1984 Finance Act in the way he seeks, at least as regards discounts. A holding company can now claim tax relief for the discounts on short term bonds, such as are traded in the new sterling commercial paper market. Incidental expenses are also deductible.

The crucial amendment comprised the insertion of a mere four words in the relevant schedule and was so subtle that its significance has gone widely unnoticed.

The rules relating to short interest payments, as opposed to discounts, remain as awkward as ever.

C. W. Daws,
1-4, Connaught Place, W2.

Race against time

From Mr J. Seccombe

Sir,—A report on May 27 says Ethiopian leader Mengistu Haile Mariam has offered to train and arm 10,000 combatants from South Africa and Namibia (South West Africa). Presumably the offer is made to those opposing the South African Government.

I wonder, however, how the offer translates into miles run to collect money for Ethiopia's starving by Sports Aid's Race Against Time. I also wonder how many of Sports Aid's enthusiastic participants and contributors appreciate the thought that while they are trying to prevent death in Ethiopia, that country is willing to spend millions to export death and revolution.

Would it really be a surprise, next time round, if appeals for assistance are ignored by a new breed of armchair cynics?

John Seccombe,
70 Warwick Park,
Tunbridge Wells, Kent

Myths and errors in raiding the pension funds

From Mr M. McShee

Sir,—Your editorial "Raiding the pension funds" (May 19) perpetuates a number of myths and errors that may ensure the continual development of occupational pensions in an haphazard way.

You build on the proposition that the property of the "poor employees" is being improperly converted by "greedy employers." This wrong assessment is built on failure to take into account the true nature of a "typical" pension plan.

In a typical plan an employer promises to make future payments to employees for current service. The amount of the future payments is typically dependent upon salary and service at retirement. For example, a plan might promise to pay a pension of one sixtieth of final salary for each year of service. This is called a defined benefit plan, meaning the employer promises how much an employee will get out of the plan — not how much the employer will put in.

Now, an employer's decision (or negotiated agreement with employees) to make such a promise says nothing about accumulation of funds in a trust or otherwise. For a wide range of business reasons an employer may decide, however, that a trust fund should be established for the purpose of accumulating funds to perform on the promise. In its simplest form, such a trust has a single beneficiary —namely, the employer. The sole purpose of such a trust is to provide the employer with a separate account from which pensions may be paid.

Pension plan trusts in the United Kingdom nowadays do, in fact, have more beneficiaries than the employer. Plan members also have a beneficial interest in plan assets. The question is, what is the member's interest? Your leader implies that the member's interest ought to eclipse the employer's interest.

This implication is clearly wrong, at least under existing rules of law and equity. The decision in Jeeves and Others v. Imperial Group Pension Trust supports the view that a decision to "claw back" surplus is by no means "at odds with the legal concept of trust." In fact, it is completely consistent with the position of the employer as residual beneficiary (and, in practice, as residual guarantor) of the trust. The employer's position is that he will place in trust the "balance of cost" of providing the promised benefits. This may turn out to be more or less than expected.

Currently, the balance is turning out less than expected (due, in large part, to actuaries underestimating the rate of return on investment). As a result, employers find they have overpaid in the past and quite properly now wish to recover the past overpayments (visible as the current surplus).

Now, what do we find in response to this perfectly reasonable "correction"? Why, we find the proposition that employers should provide benefits for members that were never part of the original benefit promise. There just is not logic in this suggestion. The benefit promise is an integral part of the total compensation package. The factors that contribute to the design of the package involve a mix of market forces, company philosophy and, in some cases, collective bargaining. The last thing that is needed in this delicate process is the imposition of a "knee-jerk" reaction to pension plan funding levels.

One may infer that your reference to the proposed 5 per cent cap on surplus as "absurdly low" is disapproving, in the grounds that safeguards for "beneficiaries" (do you mean participants?) may be inadequate. The fact is that 5 per cent cap is not low at all: indeed it will generally be very comfortable indeed. The reason is that the cap does not apply to the benefits earned based on current salary: it applies to benefits expected to be earned based on future salary increases. The 5 per cent cap as proposed will translate into a cap of 55 per cent or more if it is related to current service and salary benefits. From this perspective, that looks like perfectly adequate protection.

It seems to me that employers (with welcome co-operation from government) are currently exercising their right to manage their pension plans and their costs in a responsible manner. A lobby seems to be emerging that is bent on stopping employers from doing so. The Financial Times appears to have joined this lobby.

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Chicago, Illinois 60606.

FINANCIAL TIMES

Friday May 30 1986

Alan Cane considers how Sperry and Burroughs will bridge their compatibility gap

Blueprint for a digital Tower of Babel

THE IMMINENT merger of Sperry and Burroughs, the US computer groups, can hardly be a marriage of convenience although it may prove to be one of necessity.

The terse announcement in New York confirming the merger left the two companies' competitors, customers and even their own personnel very much in the dark about the way ahead.

The two companies are dissimilar in management style, marketing approach and product design. They share, however, a common enemy in IBM and it was the desire to create a new force in the industry, able to stand up to "Big Blue" (a reference to the colour of IBM computer housings) that forced the union. Burroughs and Sperry combined will have revenues of about $10bn; IBM's revenue last year exceeded $50bn.

There is, therefore, considerable distance to make up. The problem goes back a long way. More than 20 years ago, Mr Louis Rader, then head of the Univac division of Sperry Rand, complained: "It doesn't do much good to build a better mousetrap if the other guy selling mousetraps has five times as many salesmen."

Burroughs has fared no better. Loyal users have always regarded its machines as the best that money could buy – the computer industry's equivalent of the Porsche to IBM's Buick, and packed with innovation. But then, it had so few customers to consider that it could take chances denied IBM with its already extensive customer base.

Management differences apart, the most difficult issue the new leadership at the merged concern must now face is what to do about the two companies completely incompatible product lines while achieving competitive edge through economies of scale.

Software written for a Burroughs mainframe, for example, will not run on a Sperry mainframe. The costs of rewriting a company's software to run on a "foreign" machine are enormous.

Indeed, it is those costs, and the danger of disruption to business while the rewriting is going on, that keeps customers faithful to one manufacturer – assuming it avoids making bad mistakes.

Sensibly enough Mr Michael Blumenthal, Burroughs' chief executive, has made clear that both mainframe product lines will be kept alive and developing – at least for the time being. Anything less would have cost the merged company dear in defections, probably to IBM, among disillusioned customers.

When Sperry Univac took over the computer activities of RCA after it baled out of the computer industry in 1971, it reckoned it had done well to hold on to 50 per cent of RCA's customers.

Burroughs is already brushing aside criticisms that no economies of scale can be achieved by maintaining incompatible computer architectures (functional designs) by highlighting the fact that IBM has no fewer than seven separate architectures.

Against that argument IBM is spending time and money to bring its disparate systems under one umbrella. In effect, it is saying to its customers: "Yes, we know we had a variety of architectures but that was simply because of the way the industry developed. Now we know better and tomorrow will be different."

Furthermore, Burroughs already has three incompatible architectures in its product line and Sperry has four; the new company promises to be a digital Tower of Babel.

To some extent, technology will provide answers to the worst difficulties. Computer users, anxious to mix and match computers from different makers on the same or distributed sites, have been pressing manufacturers to adopt a common interconnection standard. For almost 20 years IBM has been developing its own standard – systems network architecture (SNA) – which it uses to link its own computers.

Plans to develop an international standard – open systems interconnection (OSI) – are advanced. All leading manufacturers, including IBM, support that development.

Burroughs, for example, which has developed its own proprietary Burroughs Network Architecture (BNA) will provide "gateways", special translation software to enable it to communicate with the OSI standard. Sperry's DCA technology, similarly, is based on the rules of OSI.

Given the continued and economic development of such standards, there is no reason to suppose that incompatibility of machine architectures would be insuperable for the future.

The development of highly portable operating systems (computer software that controls the internal operations of the computer such as Unix, a product of Bell Laboratories) makes it likely that software written specifically for a particular company will in future, be simple to run on any machine.

The real difficulty for Burroughs/Sperry will be bringing its production costs for machines of all sizes down to levels at which it is competitive with IBM and with Japanese companies offering IBM-compatible computers.

During the past eight years, IBM has invested billions of dollars in developing automated manufacturing systems for its computers, both big and small, with the intention of securing a position as the lowest cost supplier.

One example is its "thermal conduction module" a water-cooled box of silicon chips equal to the power of a midrange mainframe.

It costs IBM $5,000 to manufacture such a device. It simply bolts the units together to create more and more powerful machines.

The Japanese, using advanced semiconductor technologies, are able to produce even more powerful machines cheaply.

Furthermore, the whole market for the traditional mainframe is being upset by the advent of new companies offering "superminis" – minicomputers using the most advanced electronics and so able to offer mainframe performance at minicomputer prices.

The product-line decisions that Burroughs and Sperry must take will, therefore, be far from simple. And they will not be comforted by the fact that mergers between computer companies are always traumatic, rarely successful, and frequently end in tears.

Britain's ICL is still working out the cultural tensions caused by the merging of International Computers and Tabulators with the computer interests of English Electric and Ferranti more than a decade ago.

In 1955, Sperry merged with Remington Rand, looking for technological advantage from the latter's Univac division. After 18 months, Univac's share of the computer market had fallen to 19 per cent compared with 40 per cent before. IBM, meanwhile, had achieved its traditional 75 per cent of the market for mainframe computers.

Transfers of currency cost S. Africa $117m

BY JIM JONES IN JOHANNESBURG

BREACHES as foreign exchange regulations by the black-owned African Bank has lost South Africa $117m and may have unwittingly compromised US companies operating in the republic.

The losses have been revealed by investigations conducted over the past week by the police fraud branch.

Last week the Reserve Bank took the unprecedented step of prohibiting the bank, established a few years ago by Mr Moses Maubane, from dealing in foreign exchange. Mr Maubane, a leading black businessman, established the bank with help from other South African banking groups, which became minority shareholders, and with support from several US companies which channelled part of their business through the bank.

Although police have refused to divulge details of the alleged fraud, it appears that AB's foreign exchange dealers illegally transferred disinvestment funds out of the country through the commercial rand (currently worth around 43 US cents) rather than through the less attractive financial rand, now trading at just over 26 cents.

South Africa reintroduced a dual currency system last September in an effort to stem a growing outflow of investment funds. Capital transfers out of the country are supposed to be done through the financial rand market, which does not lead to a depletion of foreign exchange

According to preliminary reports, AB's staff allegedly persuaded divestors to deal through the bank by offering exchange rates which were more attractive than that of the financial rand. The AB dealers are then alleged to have declared to the Reserve Bank that the individual transactions were trade related, exported the money at the more attractive commercial rand rate. Skimmed off the surplus after paying diverstors the originally agreed amounts and returned the illegal profit to South Africa through the financial rand market.

Bankers fear that the alleged fraud will lead to a considerable tightening of regulations on legitimate foreign business.

How sanctions would hit home, Page 8

Warsaw closer to IMF membership

BY STEWART FLEMING IN WASHINGTON AND CHRISTOPHER BOBINSKI IN WARSAW

POLAND could borrow up to a cumulative total of some $3bn from the International Monetary Fund (IMF), into which it was finally voted this week, IMF officials said yesterday.

They emphasised, however, that that was a theoretical maximum on Poland's drawing on Fund resources. Warsaw's actual borrowing would depend "on the seriousness of its balance-of-payments needs and the strengths of its adjustment efforts." According to estimates in Warsaw, Poland could hope for IMF credits of around $2bn over the next few years.

A majority of Fund members, with two thirds of its voting power, approved on Wednesday Poland's admission to the IMF. It was delayed for more than four years, first by martial law in Poland and then by Western political sanctions. The US abstained in the vote, but abstention counts as participation in the election under IMF rules, and the US thus indirectly contributed to the minimum two thirds of voting power needed to approve a new member.

Poland's membership quota, which determines borrowing rights, has been set at 680m Special Drawing Rights (currently $786m): on the low side for an economy of 36m people. Under the IMF's enlarged access policy, a member can in theory draw up to 90 per cent – 110 per cent of its quota in any one year, and up to a cumulative total of 400 per cent – 440 per cent of quota. But borrowing is often much less.

Poland's admission is still not complete. It has still to make a presentation to the Fund demonstrating that it can meet the obligations of membership and to sign the articles of agreement that formalise its membership. It is also expected to join the World Bank.

But this week's favourable vote is expected to create a better atmosphere for continuing debt rescheduling negotiations with Western governments and banks. Warsaw has asked the latter to accept delayed repayment of $800m in principal and interest originally rescheduled to fall due this year. Poland is aiming at a $1.5bn hard-currency trade surplus this year, but achieved only $230m of that in the first four months.

$655m bid for Anderson, Clayton

By Our Financial Staff

ANDERSON, CLAYTON, the big US food processing group, which in February launched a controversial $550m recapitalisation plan, yesterday received a $655m takeover bid.

Bear Stearns, the big Wall Street securities house, and Gruss & Co, a privately owned merchant banking firm, are offering $54 a share for all 12.1m shares in the food group, products of which include Chiffon margarine, Gaines Burgers and Seven Seas salad dressing.

The bid comes a few days before Anderson, Clayton shareholders vote on the company's earlier plan, under which they would receive $37 in cash and 0.178 of a new share for each share currently held.

Yesterday, Bear Stearns and Gruss said in a letter to Mr W. Fenton Guinee, Anderson's president, that their proposal offered an opportunity for all shareholders to receive a substantial cash premium over the $45 a share that the company has indicated would be received in its own proposal.

There was no immediate comment from Anderson yesterday on the new offer, but the company's share price jumped by $3¾ in lunchtime trading to $55.

The two investment banks said that, in addition to funding that they would supply, they had reached an agreement with Quaker Oats that would privide a substantial portion of the remaining funding by buying Anderson's Gaines Foods pet food maker.

The bid is subject to the abandonment of the company's rival plan, under which a slimmed-down but highly leveraged company would emerge.

ITT sells stake in Abbey Life for £275m

Continued from Page 1

S.G. Warburg said the placing had been widespread with no single shareholder holding more than 5 per cent of Abbey Life's shares. That made a bid for the company in the near future unlikely.

Abbey Life has always had a high degree of autonomy within the ITT group so the sale is unlikely to affect the company's strategic plans. Mr Michael Hepher, chairman and chief executive of Abbey Life, told shareholders yesterday that sales in the first five months of this year matched expectations and he expected 1986 sales to exceed those for last year. The company's main marketing outlet – its direct sales force – was still expanding in numbers and quality.

The stock market reacted unfavourably to news of the placement. Abbey Life's share price fell steadily to finish 22p lower on the day at 194p, only 4p above the placing price.

Foreign selling sparks new fall in Milan

Continued from Page 1

"The foreigners have been selling the earth," commented Mr Alessandro Valeri of Banca Manusardi, adding: "The domestic Italian fund managers have meanwhile stepped in and picked up many shares at lower prices." Mr Valeri, and other brokers in Milan, characterised the heavy selling by foreigners, thought to have totalled $300m (half of yesterday's volume), as "a gift to Italian institutions."

Foreign investors, who have poured about $3bn into Milan in the past 18 months, were not the only sellers yesterday. Small investors from provincial parts of Italy were also selling.

The view of Milan analysts is that several Cabinet ministers have been deliberately trying to dampen the stock market and have thus been making statements which could have fuelled the share drop. Until this week's large-scale selling the bourse had nearly doubled in value since the start of the year. It was stressed last night that in spite of a 20 per cent drop in the last four days, the market is still up 70 per cent on January's level.

The shares hardest hit yesterday were the leading blue chips such as Fiat and Generali which have formed the core of overseas buying in recent months. Generali, Italy's most actively traded share, fell 19.6 per cent yesterday, bringing its decline to 25 per cent so far this week. Fiat suffered a sharp L2,280 fall to L12,720, while Montedison was over 10 per cent cheaper at L3,226 with its L364 decline.

Analysts stressed that yesterday's selling, however large, was netting gains of between 40 and 60 per cent for investors who had held shares for the past four or five months. After the fall in prices over the last four days brokers are saying that today will be a key indicator of whether the correction and profit-taking is now over.

Yesterday's trading volume was around L1,000bn ($639m)

Ferruzzi lifts stake in Berisford

Continued from Page 1

lengthy monopolies investigation, and is now examining other possible acquisitions. Mr Harry Solomon, joint chairman, said yesterday that the company had made "a good profit" on its sale of Berisford shares to Ferruzzi but declined to be more specific.

"We would have had to wait six months [for the result of the commission's inquiry] and we were uncertain of the outcome," he said.

Mr Ephraim Margulies, Berisford chairman, said last week that the company planned a programme of asset disposals and property refinancing deals to reduce its debts by between £200m and £300m ($300m–$450m) by September and to boost its share price.

In a development which Mr Solomon said was unrelated, Hillsdown also announced yesterday that several Hillsdown directors had sold parts of their stake in the company.

Fermenta officials defend record

By Kevin Done in Stockholm

THE HALT in trading of Fermenta shares on the Stockholm stock exchange, which has been in force since Wednesday, will continue today, the board of the bourse announced yesterday.

Fermenta, the Swedish biotechnology group, as well as Volvo, Sweden's biggest industrial corporation, are facing disciplinary measures from the stock exchange authorities for failing to provide adequate information to shareholders and the stock market.

The most serious charges face Fermenta and it is understood that the board of the stock exchange has considered suspending Fermenta for its breach of bourse rules.

Three leading Fermenta officials, Mr Refaat el-Sayed, majority shareholder and deputy chairman, Mr Ove Sundberg, managing director and Mr Gosta Bystedt, chairman, met the stock exchange board for nearly three hours yesterday to seek to defend their record.

Volvo was represented by its chief legal adviser, Mr Claes Beyer.

The stock exchange board's meeting took place amid great secrecy. Last night, the authorities announced that they would announce their findings and intended disciplinary actions this afternoon.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	S	25	77	Malta	S	26	79	Rhodes	–	–	–
Algiers	S	23	73	Edinburgh	F	14	57	Manchester	F	13	55	Rio de J'o	S	31	88
Amsterdam	S	14	57	Faro	S	23	73	Manila	C	32	90	Rome	F	25	77
Athens	S	26	79	Florence	T	20	68	Melbourne	C	15	59	Salzburg	R	11	52
Bahrain	S	38	100	Frankfurt	R	11	52	Mexico City	–	–	–	San Francisco	C	12	54
Bangkok	S	34	93	Funchal	S	19	66	Miami	S	25	77	Seoul	S	25	77
Barcelona	–	–	–	Geneva	C	11	52	Milan	C	17	63	Singapore	T	31	88
Beirut	S	24	75	Gibraltar	F	21	70	Montreal	S	18	64	Stockholm	S	14	57
Belfast	C	11	52	Glasgow	F	12	54	Moscow	C	29	84	Strasbourg	C	14	57
Belgrade	S	28	82	Guernsey	S	12	54	Munich	R	9	48	Sydney	S	18	64
Berlin	F	14	57	Helsinki	S	15	59	Nairobi	C	18	64	Taipei	S	32	90
Biarritz	F	15	59	H. Kong	C	31	88	Naples	C	25	77	Tangier	F	22	72
Bombay	F	32	90	Innsbruck	R	10	50	Nassau	–	–	–	Tel Aviv	–	–	–
Bordeaux	F	15	59	Inverness	C	11	52	New Delhi	S	32	90	Tenerife	S	23	73
Brussels	T	9	48	Jerusalem	S	28	82	New York	S	22	72	Tokyo	R	19	66
Budapest	C	25	77	Istanbul	F	22	72	Nice	S	24	75	Toronto	S	20	68
B. Aires	C	20	68	Jakarta	S	32	90	Vienna	S	28	82	Tunis	F	26	79
Cairo	S	31	88	Jersey	F	14	57	Oslo	R	12	54	Valencia	D	16	61
Cape Town	C	18	64	Jo'burg	S	21	70	Paris	F	13	55	Venice	T	23	73
Caracas	C	28	82	Lima	C	22	72	Peking	S	30	86	Vienna	C	15	59
Casablanca	–	–	–	Lisbon	S	21	70	Prague	R	11	52	Warsaw	C	11	52
Chicago	C	15	59	London	C	15	59	Reykjavik	C	7	45	Washington	–	–	–
Cologne	F	15	59	Los Angeles	C	16	61					Zurich	R	9	48
Copenhagen	F	13	55	Luxembourg	F	13	55								
Corfu	S	28	82	Madrid	F	19	66								
Dallas	S	16	61	Majorca	–	–	–								
Dublin	F	12	54	Malaga	–	–	–								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

OECD report optimistic

Continued from Page 1

area and to drop slightly to 3 per cent in 1987. That compares with the expectation last December that inflation would level out at around 4.5 per cent.

The OECD argues against concerted fiscal expansion outside the US to compensate for the expected deflationary effect of a likely reduction in the American budget deficit. But it says "rapid growth" outside the US – principally in Japan and West Germany, whose current-account surpluses will rise sharply this year and diminish only slightly in 1987 – was necessary to bring about a better international financial balance.

Mr Henderson said that if the OECD projections were borne out by the end of 1987, the OECD area would have experienced a five-year period of sustained growth and falling inflation – a combination not achieved even in the pre-1973 "golden age."

However, high unemployment represented the "darker side" to an economic picture that had been "improved but not transformed." The OECD unemployment rate is forecast unchanged at 8.25 per cent up to the end of 1987 – despite some improvement in the US – while the rate in European members of the OECD will stay at an obstinate 11 per cent.

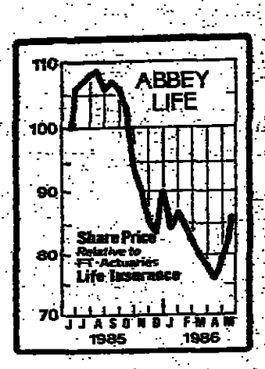
Mr Henderson also pressed home the need for governments to take advantage of the oil-price falls

THE LEX COLUMN

One-year itch at ITT

ITT's almost indecent haste in disposing of its 51.3 per cent stake in Abbey Life is more a reflection of its own cash needs than a "sell at best" panic. Even so the £275m placing of half the shares at a price only 10p above the original issue price of 180p was not oversubscribed to nearly such a large degree as the offer for sale. Since the immediate post-launch rise in the price, Abbey's shares have been disappointing performers, to some extent following the life insurance sector, but partly in fear of this event. The shares only sprang to life when takeover speculation was fuelled by the idea that ITT might sell to a bidder. Now the placing is out of the way, but so are the bid hopes, and the shares, down 22p to 194p yesterday, could be dull for the next few months. The 5 per cent historic yield, with the prospect of a dividend increase, should limit the downside.

ITT has adhered to the letter of its promise not to sell its remaining stake until a year after the offer for sale as settlement for the placing will be just after the June 5 anniversary. Though ITT is getting only a bare increase on the offer for sale price in sterling terms, the proceeds in dollars are much higher than if ITT had sold the whole of Abbey at once. But that might have suited Abbey better than to be underpriced originally and underperform thereafter.



Boots

Boots spent its day trip from Nottingham showering the City with analysts of what its figures would have looked like if this property surplus or that currency fluctuation had not occurred. But it is difficult to stop the eyes from wandering back to the top line which shows sales growth of only 4.6 per cent, roughly equivalent to price inflation. No volume gain to speak of.

The problem of shifting up the size of the average bargain is no closer to being solved, and so productivity improvement has slowed for the second year in a row. If Boots were to concentrate its efforts entirely on getting right the retailing formula within its existing network, then shareholders would be less in need of the company's new anti-hypertensive agent. But Boots is apparently about to combine this soul-searching process with highly involved expansions of both its businesses. On the industrial side it is scouring the globe for a heavyweight pharmaceutical acquisition, while in retail, it is to launch an out-of-town network outside its central product range.

The long awaited property revaluation has added only about 60p to net asset value. But the men from Boots seemed rather pleased by this in so far as it may deflate potential bidders' ideas about a lucrative asset strip. If Boots breaks £200m pre-tax this year, then the shares, at 260p, down 3p, are on a multiple of over 14. The bid premium has yet to be shaken out.

Saatchi & Saatchi

Producing rabbits out of hats being the norm, there was little room for Saatchi & Saatchi to spring real surprises yesterday. Fill year profits were forecast in support of the recent rights issue, now safely out of the way, and progress at the interim is no more than corroboration of what is supposed to come. In fact the 67 per cent growth in first half profits, to £25.9m pre-tax, looks a little less athletic if the comparative period is taken as the second half of 1985. (The relevant growth rate is then 4 per cent).

What matters for the Saatchi share price – down 5p to 785p yesterday – is the perceived success of its acquisition programme. Assuming that the major plunge to date, Ted Bates, has been correctly priced, the earnings numbers will no doubt stack up at the end of the year. But Saatchi will remain on the treadmill for as long as you like.

Courtaulds

Courtaulds' profit acceleration from virtually nil to £143m in five years has only been recognised more recently in a share price which outperformed the market by more than 50 per cent over the last year. Yesterday's announcement of an 11.5 per cent rise at the pre-tax level to £143m in the year to March was as expected and the shares fell 3p to 280p. The 25 per cent advance in earnings owed more to a lower tax charge and minorities than higher profits. Even so the historic multiple is under 10, a 30 per cent discount to the market.

The question now is whether Courtaulds has really changed its spots and deserves a continued rerating. Despite the substantial increase in productivity over the years and success in becoming less of a commodity producer, there is still plenty of scope to improve margins. The high level of investment, 2½ times the depreciation charge, financed almost entirely from cash flow is encouraging. An adequate return from that in coming years should keep profits moving up.

But in two or three years UK tax losses and unrelieved ACT will be running out, meaning earnings could stand still while profits increase. On forecasts of £165m for the current year the p/e comes down to a tax-relieved 8½, which still looks too low.

Ferruzzi

The involvement of Ferruzzi in the S&W Berisford imbroglio has been shrouded in obscurity from the first. In deciding to purchase the Berisford shares accumulated by its ally, that erstwhile bidder Hillsdown, Ferruzzi has scarcely made its position any clearer. If the idea is indeed to take over that well protected national asset, British Sugar, Ferruzzi will need to argue very persuasively; it controls too many other sources of supply to play the role of custodian with any conviction. But perhaps the intention is simply to persuade the MMC that sugar competition really is European in scale – and thus do Tate & Lyle a fraternal, if mysterious, favour.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday May 30 1986

CGE boosts profits by almost 50% in 1985

BY PAUL BETTS IN PARIS

COMPAGNIE Generale d'Électricite (CGE), the French state-owned electronics, engineering and telecommunications group, yesterday reported a rise of nearly 50 per cent in consolidated net group earnings to FFr 1.165bn ($163m) last year from FFr 197m in 1984. The company said it expected to see profits increase further this year.

However, Mr Georges Pebereau, chairman of CGE, which is one of the new Government's main targets for privatisation, warned that although consolidated profits would increase this year, they would not be expected to continue growing at the exceptional levels of the last two years.

The strong performance reflected higher profits from the group's Alcatel telecommunications subsidiary, the Cables de Lyon cables concern, and CGE's industrial battery and accumulator businesses. Profits from the Alsthom heavy engineering subsidiary and the CGEE Alsthom electrical concern, were about level with the previous year.

Excluding special gains of FFr 174m, consolidated net profits from operations totalled FFr 1.01bn last year and were 40 per cent higher than in 1984. In contrast, consolidated group sales rose by only about 6 per cent to FFr 71.9bn last year, reflecting the slowdown in large French nuclear, railway and telecommunications programmes, as well as the impact of foreign currency translations.

Mr Pebereau said CGE now wanted to develop its service activities as a key element of the group's overall strategy. This strategy includes focusing on the group's core energy, electronics, telecommunications, engineering and transport businesses; a major thrust to increase the group's international presence; and development of new technologies.

CGE plans to develop financial services, industrial services to power stations and other industrial and engineering operations, and information processing, software and value-added-communication services.

Mr Pebereau said CGE wanted to invest nearly FFr 30bn by the end of the decade. Of this, a third would go towards external growth.

As part of his efforts to boost CGE's presence in the US market, Mr Pebereau is now awaiting the final go-ahead from the French Government for a deal with AT&T. The controversial deal, which has been held up for months by the French authorities, would give AT&T a 16 per cent share of the French public telephone switch market in return for boosting the efforts of CGE's Alcatel subsidiary to sell its digital telephone switching system in the deregulated US market.

Mr Pebereau said group orders rose 10.3 per cent to FFr 82.4bn last year with French orders totalling FFr 50.5bn and foreign orders amounting to FFr 31.9bn.

The breakdown of CGE's consolidated net earnings showed that the energy and transport sector with FFr 389.4m contributed 32.8 per cent of total group profits. The telecommunications sector accounted for 27.9 per cent of total profits, contributing FFr 330.9m. Cables followed with earnings of FFr 208.7m.

Pacific Lighting to buy Thrifty

By Terry Dodsworth in New York

PACIFIC LIGHTING, the Californian utility which set out on a diversification programme two years ago, has reached agreement to acquire Thrifty, a retail drug and discount stores chain, in a share exchange deal worth $866m

The takeover follows a sharp rise in Thrifty's share price earlier in the week, when it announced that it was in acquisition talks with a larger group. After jumping by $5.50 on Tuesday, the shares rose to $37.50, still well under the valuation of $41.30 a share put on Thrifty by the Pacific Lighting bid.

Pacific Lighting, which earned $156m, or $3.80 a share, last year on sales of $5.1bn, is the owner of Southern California Gas, the US's largest natural gas distribution utility. In 1983, it started to branch out into other areas, acquiring an oil and gas production company, followed in the next year by the takeover of a housebuilding group. The new deal makes it one of the largest companies in the Los Angeles area.

Mr Paul Miller, chairman of Pacific, said that the agreement with Thrifty put the group on the road to earning half its profits from non-utility sources within about four years. "We expect this acquisition to add stability to our total enterprise and provide accelerated growth because of the strong demand for health care products in the already growing California market," he said.

Thrifty, which will receive 0.802 shares of Pacific, trading at $51.50, for every one of its own shares, has agreed to sell 28 per cent of its stock from the company's profit sharing plan to Pacific in a move aimed at warding off alternative takeover offers.

The drug store group made net profits of $31.9m on sales of $1.4bn in 1985, mainly operating in the California market. The company also runs the Big 5 sporting goods chain, which has almost 90 outlets in California, owns around a third of Crown Books, a rapidly expanding discount bookstore group, and has a half stake in Trak Auto West, a chain of discount auto parts and accessories shops.

CLOUD LIFTS FROM WEST GERMAN ASSET DISPOSAL PLANS

Bonn privatisation back on course

BY DAVID BROWN IN FRANKFURT

AFTER MORE than a year in the doldrums, West Germany's privatisation programme appears to be back on course with the disclosure of terms for the partial privatisation of Viag, the energy, aluminium and chemicals concern with sales of DM 12.19bn ($5.37bn).

The DM 744.9m share sale will be among the biggest capital raising exercises in Germany this year. It will also be the centre-right administration's second important move to sell state assets.

The German Government has had significant industrial and business holdings since the end of the second world war, with interests ranging from cars (Volkswagen) to clinics in Switzerland.

The principal architect of the privatisation scheme is Mr Gerhart Stoltenberg, the Finance Minister. The sales are intended to raise money, thus cutting the state borrowing requirement, and to further boost the equities market.

In early 1984 he succeeded in trimming Bonn's stake in Veba, the country's largest industrial group, to 30 per cent. This netted the Government about DM 800m.

But privatisation plans were set back late last year when Mr Franz Josef Strauss, the Bavarian premier, effectively delayed proposals to float 25 per cent of the state's 80 per cent holding in Lufthansa. The national airline is one of the most attractive of the state interests.

The dealay seemed to throw a cloud over the future of privatisation. However, Mr Stoltenberg was not to be put off and announced a new round of planned sales, including Viag, soon after the Lufthansa debacle.

Viag, owned 87 per cent by the state, is an important energy producer in West Germany. These operations generate the bulk of its profits. It manufactures chemicals, and is one of the biggest aluminium companies in Europe through its VAW subsidiary.

After roughly unchanged net profit last year of DM 122m, the management has promised a payout at least level with the DM 5 per share last year, despite expected difficulties in the aluminium business which could lead to lower earnings.

A consortium, led by Deutsche Bank, will make 40 per cent of the group's capital available to the public by subscription starting early next week.

The issue is eclipsed in size only by the flotation of Feldmuhle Nobel (a grouping of three former key companies of the Flick industrial empire) in April, a DM 2bn exercise. The total German new issue volume this year already exceeds the DM 1.8bn of 1985.

So far, share issues have won an enthusiastic reception even though share prices appear to have stabilised at a high level.

The exchange can expect a further steady inflow of new entrants.

Already, the Alfred Massa retail chain and the Escada clothing company have tapped the market, and other imminent newcomers include Oberland Glas (one of the country's biggest hollow-glass makers), Traub (machinery), Puma (sports equipment) and, further down the road, the Co-op food retailer.

These relatively small issues may be eclipsed by this year's Government privatisation candidates.

Among these are Prakla-Seismos, a major geo-physical exploration company in which Bonn is expected shortly to sell 55 of its 95 per cent stake.

INI reduces year-end losses as cash flow turns positive

BY TOM BURNS IN MADRID

INSTITUTO Nacional de Industria (INI), the Spanish public sector holding company, yesterday announced reduced losses in 1985 and a positive cash flow for the first time since 1978.

INI's losses have represented a growing burden on the Spanish economy for the past decade. A streamlining and privatisation programme was introduced by Mr Carlos Croissier, a young Socialist Party economist appointed chairman by the Government late in 1984.

Mr Croissier, tipped to join the Cabinet should the Socialists maintain their majority in the June 22 general elections, said INI's losses in 1985 were down 11.7 per cent to Pta 162.7 bn ($1.1bn).

The INI chairman said the most encouraging feature of the 1985 results was a Pta 38.2bn positive cash flow against a negative Pta 1.2bn cash flow the previous year. Income for the 63-company conglomerate increased 5.8 per cent in 1985 to Pta 1.7bn and financial costs, due to reduced borrowing requirements and falling interest rates, were down 7.6 per cent from Pta 226.4bn to Pta 209.1bn last year.

Mr Croissier said he expected the 1986 results to show a further reduction in losses and an important increase in the holding's cash flow. He warned, however, that this would be a "tough" year for INI because the holding would have its export income curtailed by the fall of the dollar and its internal sales affected by increased competition due to Spanish membership of the EEC.

The 1986 results will nevertheless benefit from Volkswagen's formal decision in February to acquire INI's car manufacturer Seat. The Spanish car firm, once part-owned by Fiat, went into the red in 1978 and posted losses of Pta 38.5bn in 1985, 22.4 per cent of INI's total losses. As much as 95 per cent of the holding's consolidated losses were caused by Seat, the national airline Iberia and by INI's shipbuilding, steel and capital goods divisions.

Seat was the chief priority of Mr Croissier's privatisation programme which has included sales of a hotel chain, a travel group, a ball-bearing company and a carpet manufacturer.

Mr Croissier failed, however, to persuade General Motors to buy INI's truck company Enasa which manufacturers the Pegaso line.

Rockwell plans cut in workforce

By Our Financial Staff

ROCKWELL INTERNATIONAL, the big US defence and aerospace group, plans to lay off about 6,800 employees because of a slowdown in manufacturing activity on its B1-B bomber project.

The B1-B programme employed about 27,400 workers when it was at its peak earlier this year, the company said yesterday. However, Rockwell is scheduled to complete delivery of 100 bombers to the US Air Force in April, 1988.

The lay-offs will be implemented over the next five months, and include 3,250 workers at the company's plant in El Segundo, California, and 1,200 at an assembly complex at Palmdale in the same state.

The company said more cutbacks were likely to follow as the programme began to wind down.

Saab hopes to boost US sales

By Kenneth Gooding in Geneva

SAAB, the car division of Sweden's Saab-Scania group, is on course for pre-tax profits in 1986 of between SKr 800m ($110m) and SKr 1bn, compared with last year's SKr 822m, according to Mr Sten Wennlo, chief executive.

He said yesterday that, although Saab was adversely affected by the decline in the value of the dollar – the US is its biggest market – the company had been hedging against currency fluctuations and was well protected until the middle of 1987.

However, a fall of ½th of a krona against the dollar would mean a SKr 6m loss of annual earnings for Saab.

Mr Wennlo, in Geneva for the Financial Times 1986 Motor Industry Conference, said Saab expected to sell more than 45,000 cars in the US this year, up from 38,200 in 1985. Of this year's total, 10,000 to 12,000 would be the new Saab 9000, launched in the US late last year. Mr Wennlo said the potential for the new model in the US would not be fully tested until the automatic-transmission version was introduced this autumn.

Saab expects to sell 125,000 cars worldwide this year against 107,000 in 1985 and the target of 120,000 set early in 1986, if production can keep pace.

Saab is spending SKr 360m to boost capacity to about 150,000 cars a year by 1988 and a further SKr 3bn in a new factory at Malmö.

Renault plans paint link with Hoechst

BY OUR PARIS STAFF

RENAULT is in advanced negotiations with Hoechst to link up its paint manufacturing activities with the large West German chemicals producer. The move is part of the French state-owned car group's continuing rationalisation efforts to cut losses which totalled FFr 10.9bn ($1.5bn) last year.

Renault is one of the few large car groups to continue to make its own paint for its cars and industrial vehicles. Although the French company wants to maintain its own paint manufacturing operations centred at its Le Mans plant, it has decided to team up with Hoechst in paint production.

Renault said that research spending in this sector was heavy and that the imminent deal with Hoechst would enable the French group to share research costs with the German chemical concern.

Among other large car groups with paint manufacturing operations is Ford in the US. However, Ford is understood to be planning to shed this business. Volkswagen in West Germany also has some paint production activities and buys its resins from Hoechst. But most large car manufacturers buy their paint from paint and chemical manufacturers.

The rationalisation of the Renault paint business is the latest example of the sweeping and ongoing restructurings undertaken by Mr Georges Besse, the Renault chairman, to reduce losses and gradually return the group's operations to profit.

Mr Besse is expected to report a sharp improvement in Renault's operating performance as a result of the large scale restructurings undertaken in the past 12 months. Losses from operations are said to be averaging about FFr 500m a month so far this year against average monthly losses of FFr 1bn in the first half of last year.

Renault's fundamental problem, however, is its huge financial burden of debts and the urgent need to reconstitute its balance sheet. The group currently requires between FFr 18bn and FFr 20bn for these purposes. So far, however, the Government has indicated it would advance Renault FFr 5bn in fresh funds this year.

Veba hopes to maintain earnings at year-end

BY OUR FRANKFURT STAFF

VEBA, the energy conglomerate which is West Germany's largest industrial group, hopes to repeat its record 1985 performance this year despite lower turnover in the first quarter.

Net profits edged forward from DM 162m to DM 166m ($72.8m) during the first three months, helped by the energy, chemicals and trading sectors. This earnings trend was maintained through April and May, according to managing director Mr Rudolf V. Benningsen-Foerder.

External sales during the period fell 12.4 per cent from DM 12.47bn to DM 10.93bn. This was attributed mostly to lower sales in the oil products sector (down 19.1 per cent to DM 3bn) and in trading (down 19.3 per cent to DM 2.84bn).

An extensive rationalisation in all four Veba business areas accounted for the surge in 1985 net profits at the group, which is 25.6 per cent owned by the state.

Earnings climbed from DM 584m to DM 752m on a total turnover of DM 48.3bn. The dividend was increased by DM 1 to DM 10 per share.

Hit by the decline in oil prices, Veba's petroleum subsidiary has cut back its investment target for 1986 to DM 770m from DM 1.2bn the previous year, but the oil operations expect unchanged earnings this year despite write-downs in the value of inventory. The chemicals subsidiary expects another "good profit" this year.

Suez unsettled by doubts on leadership

By David Marsh in Paris

COMPAGNIE FINANCIERE de Suez, the French nationalised holding company, said yesterday uncertainty over the future leadership of the group was starting to unsettle its business.

Mr Jean Peyrelevade, chairman, unveiled a 46 per cent increase in total group net profits last year to FFr 1.52bn ($209m), saying the cloud over his own future was starting to "create problems."

Mr Peyrelevade, a supporter of the previous Socialist Government, has appeared a likely candidate for replacement by the new right-wing administration.

The Government of Mr Jacques Chirac has indicated it expects to appoint a large number of new chairmen of state-owned banks, insurance companies and industrial groups before beginning its progressive denationalisation programme.

Mr Peyrelevade said the group was "working normally," but doubts over who would be in charge in coming months were starting to hold up planning and to unsettle some potential business partners.

Mr Peyrelevade, formerly a senior adviser to Mr Pierre Mauroy, the Socialist Government's first Prime Minister, said he did not know whether he would be confirmed in his post or replaced. He described himself as "relaxed" over the matter.

The Government is expected to decide in July on the future of chairmen of state-owned enterprises.

FDIC seeks portfolio bids

By Mary Frings in Dallas

THE FEDERAL Deposit Insurance Corporation (FDIC) has taken quarter-page advertisements in leading US newspapers to solicit bids for a $120m bank loan portfolio.

The FDIC in Tulsa, Oklahoma, said it was the first time it had advertised a portfolio of that size.

The loans were acquired by the FDIC when the 82-year-old Bank of Commerce and Trust Company of Tulsa failed on May 8. It had 1985 assets of $237m. The FDIC reached a purchase and assumption agreement with First National Bank and Trust Company, another Tulsa institution, which accepted only an instalment loan in the failed bank's portfolio.

The remaining $120m in commercial, agricultural, energy and property loans are offered for sale in $5m to $20m blocks, and interested buyers will be given an opportunity to review the loans between June 16 and July 3, when the FDIC plans to close the bids.

Ireland attracts Norsk Data

BY HUGH CARNEGY IN DUBLIN

NORSK DATA, the Norwegian computer maker, is to set up its first overseas manufacturing plant in Ireland in an IC$m ($7.9m) project backed by the Irish Industrial Development Authority (IDA).

Announcing the project, Mr Michael Noonan, Minister for Industry and Commerce, said the plant near Dublin would eventually employ 100 mainly locally-recruited, highly qualified university graduates and technical staff producing advanced computer systems.

The company is a prestigious catch for the IDA in its efforts to attract high-tech inward investment and is the latest in a series of foreign projects already won this year.

Liffe moves closer to 24-hour trading

BY ALEXANDER NICOLL IN LONDON

THE London International Financial Futures Exchange (Liffe) plans a further step towards round-the-clock trading of financial futures contracts through a link with the Sydney Futures Exchange.

Liffe already intends to join the Chicago Board of Trade in trading a Japanese government bond futures contract. Other exchanges, including the London Stock Exchange, have plans for inter-continental links, but the only such arrangement in operation is between the Chicago Mercantile Exchange and the Singapore International Monetary Exchange (Simex).

Mr Brian Williamson, Liffe chairman, said the exchange's board gave the go-ahead this week to work on a link with Sydney after receiving an approach some months ago from the Australian exchange.

The Sydney exchange took the initiative in response to growing trade in US Treasury bonds in the Australian market. If the link were established, it would introduce US Treasury bond and Eurodollar futures contracts identical with those now traded on Liffe.

The contracts would be "fungible," meaning they would be interchangeable. A position opened in Sydney could be closed later the same day in London. Clearing would take place in London. As the link is currently envisaged, a Sydney trader wishing to take advantage of it would have to have an account with a clearing member firm of Liffe.

Liffe's priority, however, is the yen bond future which it hopes to launch towards the end of 1986. It sees this as particularly urgent in the light of a dramatic expansion in London trade in Japanese government bonds. Mr Williamson estimates the market's current size at $3bn, a 10-fold increase over the past few months.

Although Japanese residents would be barred from trading the contract, Liffe has been seeking the co-operation of Japanese banks and securities houses among its members, as well as ensuring that the Tokyo authorities will look favourably on the contract.

Liffe is expected to launch the yen bond contract ahead of Chicago. It is also working jointly with the Chicago Board of Trade on a Eurobond futures contract.

Times-Mirror agrees to buy A. S. Abell

By Terry Dodsworth in New York

THE US newspaper industry continued its round of consolidation yesterday when Times-Mirror, owner of the Los Angeles Times, announced that it had agreed to acquire A. S. Abell, the publisher of the Baltimore Sun, for $600m.

The agreement, which follows the recent $300m acquisition of the Louisville Courier-Journal and Times by the Gannett group, will give Times-Mirror the dominant position in one of the US's biggest urban markets. At present, the company's main publications are centred on Los Angeles, where its flagship newspaper has a circulation of over 1m; in Dallas, Texas; Harford, Connecticut, and Denver, Colorado.

Although the acquisition will have to be approved by the Federal Communications Commission (FCC), and is subject to execution of a definitive agreement, Times-Mirror said last night that 80 per cent of Abell's stock had already been committed to the deal.

It is likely that the company will have to dispose of Abell's WMAR-TV television station in Baltimore, because current FCC rules prohibit the acquisition of combined newspaper and broadcasting assets in the same market. Times-Mirror, however, should be able to retain ownership of Abell's second television station, WRLH-TV, an independent station in Richmond, Virginia.

Abell runs three publications in Baltimore, the Baltimore Sun, which has a daily circulation of almost 205,000, the Evening Sun, with a circulation of 152,000, and the Sunday Sun, which has a circulation of 428,000.

Electrolux shares

ELECTROLUX of Sweden is to issue 8 million shares as part of its international equity placing, and not 2 million as wrongly reported yesterday.

Block joins board as Deere halves dividend after loss

BY PAUL TAYLOR IN NEW YORK

DEERE, the leading US farm-equipment manufacturer, has halved its quarterly dividend to 12.5 cents a share.

The company also announced that Mr John Block, the 51-year-old former US Agriculture Secretary, had been elected to its board of directors.

The Illinois-based group, which last week reported a $33m loss in the second quarter after a $32.2m reorganisation provision, blamed the cut on "the current pressure on the company's operating results and the need to conserve cash for investments in cost reductions and new products for our core businesses."

It has suffered badly in the continuing farm depression. Earnings went $67.8m into deficit in the fiscal first half compared with net earnings of $6.6m in the year-ago period.

Meanwhile, Moody's, the US credit-rating agency, has downgraded Deere's long-term debt rating from A-3 to A-2. The agency said lower production levels were required this year to reduce dealer inventories, and that would result in an operating loss.

Mr Block's appointment to the Deere board follows his decision to step down as Agriculture Secretary in February to become president of the National American Wholesale Grocers' Association, a prominent trade organisation.

Income falls at Nord-Est

By Our Financial Staff

NORD-EST, the French investment company with holdings in the metals, minerals, transport and financial sectors, said its consolidated net income fell 29 per cent from FFr 99.5m in 1984 to FFr 71m ($9.3m) last year.

The decline primarily reflected income from the sale of securities, which fell to FFr 14.7m from FFr 54.5m a year earlier.

Operating income rose to FFr 56.4m from FFr 45m. This factor allowed Nord-Est to boost its annual dividend payout to FFr 3.5 a share.

هكذا من الاصل

FAI Insurances launches bid for Pioneer Concrete

BY ROBERT KENNEDY IN SYDNEY

FAI INSURANCES Australia's largest general insurer, yesterday launched a bid for control of Pioneer Concrete Services which values the building products group at just over $A1bn (US$721.7m).

FAI already holds some 17.7 per cent of Pioneer, acquired over the past few months at a cost of more than A$166m. The move to gain at least two thirds of Pioneer came as a surprise, however. Although an aggressive investor, FAI had previously confined its takeover activity to companies in its own industry.

It is offering A$2.75 a share for 60 per cent of each Pioneer shareholding. If successful, it will be the holder of 67 per cent, and at that level of acceptance it will bid for all of Pioneer.

A Pioneer official indicated last night that he gave the offer little chance of success at the price offered.

The terms represent about 9.5 times Pioneer's 1984-85 net profits of A$105m and less than nine times estimated 1985-86 earnings of A$115m.

Pioneer, which also has sizeable interests in energy and uranium ranks among Australia's top 25 companies by capitalisation. Share buying by FAI has prompted defensive purchases on behalf of Pioneer.

BHP, which is estimated to have about 4 per cent of Pioneer, is already involved in activities related to those of Pioneer, through its 40.9 per cent stake in Blue Circle Southern Cement.

Bell calls for truce with BHP

BY JOHN McILWRAITH IN PERTH

MR Robert Holmes à Court called yesterday for a truce with the board of Broken Hill Proprietary (BHP) and for negotiations that would end what he described as the current corporate warfare.

However, at the Bell Resources annual meeting in Perth, he did not rule out another bid.

Bell Resources is part of the bigger Bell Group, although nearly a fifth of the shares are now held by BHP as a result of an earlier defensive move. Mr Holmes à Court said yesterday that Bell Resources was not under financial pressure to launch a fresh bid—it had undrawn lines of credit of A$3bn (US$2.16bn) and was experiencing no difficulty in meeting the cost of its current holding.

Questioned after the meeting, he agreed with the view generally held in Australia that "either we or John Elliott (chairman of Elders IXL) would have eventually have to get off the BHP register," and that the current position with BHP was unstable.

Elders has nearly a fifth of BHP, but this and a BHP cross-holding in Mr Elliott's company is currently the subject of an inquiry. Mr Holmes à Court meanwhile told shareholders that late counting had increased Bell Resources' holding in BHP to 29.2 per cent.

The cost of the 367m BHP shares in which Bell Resources now had a relevant interest—including the 150m just acquired—had been met partly from internal funds, such as A$872m in new equity, and partly in Australian dollar-denominated loans.

He predicted that Bell Resources net profits for the half-year to June would be more than double the previous A$34.7m.

Japanese banks under pressure

BY YOKO SHIBATA IN TOKYO

JAPAN'S 13 "city" or commercial banks suffered a 1 per cent dip in combined pre-tax profits in the year to March, to Y1,119bn ($6.62bn). The fall, the first for six years, was brought about by higher funding costs as deregulation of interest rates put pressure on margins.

Operating profits improved 7.5 per cent, thanks to a 4.5-fold jump in earnings from public bond dealings to Y105bn.

Money market certificates became available from April and take restrictions on deposits above Y1bn were removed the previous October. These and other variable rate instruments, including certificates of deposits and foreign currency deposits, accounted for 66 per cent of total funds raised during the year.

The Bank of Japan's credit squeeze last October, pushing short-term interest rates higher in order to buoy the yen, also increased funding costs considerably.

Lending yields meanwhile declined, reflecting a series of reductions of long-term prime rates.

All except Tokai Bank reported a sizeable gain in net profits, though, thanks to the steep appreciation of the yen.

JAPAN'S COMMERCIAL BANKS
Parent company results for year to March 1986

	Revenues Y bn	Change on year %	Pre-tax profit Y bn	Change on year %	Net profit Y bn	Change on year %
Dai-ichi Kangyo	2,075	− 6.9	140.96	+ 5.2	70.15	+16.7
Fuji	1,880	− 8.5	154.38	+ 6.7	72.09	+ 4.8
Sumitomo	1,878	− 8.7	157.20	− 0.8	81.86	+ 9.1
Mitsubishi	1,710	−11.4	127.37	− 4.0	70.48	+13.4
Sanwa	1,716	− 7.8	129.07	− 6.8	68.22	+16.3
Tokai	1,223	− 6.3	73.27	− 8.5	32.79	−15.1
Mitsui	1,178	−12.1	67.26	− 9.4	36.70	+ 4.7
Bank of Tokyo	1,139	−19.9	71.92	−18.2	39.13	+29.2
Taiyo Kobe	1,030	− 2.8	48.76	− 5.9	22.20	+15.4
Daiwa	697	− 1.1	51.87	+47.0	17.66	+ 9.8
Kyowa	658	+ 1.4	46.05	+26.7	19.08	+33.9
Saitama	592	− 6.2	37.88	− 4.1	16.72	+12.0
Hokkaido Takushoku	518	− 9.4	22.97	−16.1	11.05	+13.7

JAL dives into red and passes dividend

By Carla Rapoport in Tokyo

JAPAN AIR LINES, Japan's national flag carrier, slid into losses in the year ended last March as a direct result of the drop in business following the crash of a JAL Boeing 747 in central Japan which killed 520 people last August.

The company omitted dividend payments for the year. Pre-tax losses were Y1.63bn ($9.65m) compared with profits of Y22.5bn last year. Sales slipped 0.4 per cent to Y824bn. Revenues from its domestic passenger business were down 13.4 per cent in the year, while international sales rose 4.5 per cent.

JAL said yesterday that major revisions in the engineering and maintenance departments are being put into effect as part of an organisational restructuring which will take place from this weekend. These changes will include the hiring of another 100 engineers for inspection and engineering-related activities, as well as enacting measures to support "long-term increases in maintenance capabilities."

"JAL is steadily implementing these new measures, aiming at a recovery of public confidence in air transport in Japan. However, some have only recently been implemented and the effect of last year's August accident is still considerable in the domestic market," the company said yesterday.

In the year just ended, JAL paid out Y1bn for expenses related to the August crash. However, this sum does not include any payments for settlements with the victims' relatives. After extraordinary losses, the deficit was Y6.74bn against earnings of Y7.18bn.

For the current year, JAL forecasts sales of Y835bn and pre-tax profits of Y600m.

Indian airlines to merge

By K. K. Sharma in New Delhi

AIR INDIA, the Government-owned international airline, is to be merged with Indian Airlines, the country's domestic carrier, over the next three years during which their fleets will integrate.

This was announced yesterday by Mr Jagdish Tytler, Minister for Civil Aviation, at a press conference where he also said that the Government had approved the launching of an air taxi service in the country.

Under the air taxi scheme, all 10-seater aircraft registered or manufactured in India would be allowed to operate as chartered air taxis. Aircraft imported by non-resident Indians can also be used as taxis after they have fulfilled customs formalities.

Mr Tytler said Indian Airlines had recorded a profit of Rs 587m ($47.45m) last year which was Rs 86m higher than forecast. Air India and Vayudoot, the recently launched airline operating in hilly regions and linking small towns, were also expected to register record profits, Mr Tytler said.

JAPANESE RESULTS

MITSUBISHI METAL
NON-FERROUS SMELTING

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	492	481
Pre-tax profits (bn)	10.51	9.74
Net profits (bn)	3.27	3.41
Net per share	5.89	6.15
Dividend	5	5
PARENT COMPANY		

MITSUBISHI OIL
OIL REFINING, DISTRIBUTION

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	1,058	1,194
Pre-tax profits (bn)	1.90	18.77
Net profits (bn)	17.04	19.26
Net per share	56.79	130.86
Dividend	3	0
PARENT COMPANY		

SNOW BRAND MILK PRODUCTS
DAIRY PRODUCE

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	445	443
Pre-tax profits (bn)	8.38	9.26
Net profits (bn)	2.98	2.92
Net per share	11.77	11.53
Dividend	6	6
PARENT COMPANY		

INTERNATIONAL BONDS

Kodak convertible to raise $275m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

WITH THE fixed rate dollar bond market in the doldrums, issue managers were turning their attention to equity related issues yesterday. Eastman Kodak launched a $275m, 15-year convertible through *Salomon Brother.*

The deal is designed to redeem an outstanding 8¼ per cent issue due in 2007 and bears an indicated coupon of 6¼ to 6½ per cent with an expected conversion premium in the *range 25 to 30 per cent. Final* terms will be set by June 4.

Bankers believe that falling *interest rates have prompted* demand for convertible issues among investors anxious to bump up their return by adding an equity kicker to their investments. Yesterday, however, showed that such assumptions are not infallible.

Eastman's bond made a rather faltering start, though it picked up later to trade just above the issue price of par as demand came in from Switzerland where the borrower is a popular name. But a $60m equity warrant issue for Japan's Orient Leasing showed that this particular sector, the glamour end of the market only a few weeks ago, has lost considerably in appeal.

Daiwa Europe is leading this five-year issue which bears an indicated coupon of 2¾ per cent and issue price of par. In contrast to some earlier Japanese equity-related bonds which have quickly soared to high premiums, this deal moved sluggishly and was quoted at a discount of ¾ per cent by Daiwa in the late afternoon. Total fees are 2½ per cent.

Also in the convertible sector Drexel Burnham Lambert launched a $100m, 15-year bond for Alco Health Services Corporation of the US. This carries an indicated coupon of 6 to 6½ per cent and an expected con*version premium of 20 to 24* per cent.

The deal suffered somewhat because the borrower whose stock was only launched on the US Nasdaq over-the-counter market last year is not very well-known. *Drexel said, how*ever, that the company is a fast-growing one and its shares, launched originilly at $16 now trade at around $23.

Nomura International priced its $150m issue for Alps *Electric with a coupon of 3 per* cent compared with an indicated level of 3¼. The exercise premium for the warrants is 2.54 per cent. A further $50m is being sold on the same terms through Daiwa in the Far East.

Daiwa Europe has fixed the coupon on its $80m equity warrant issue for Hanwa unchanged on the indicated *level of 3¼ per cent.*

Meanwhile the fixed-rate sector was in a sorry state with prices softening during the afternoon on the back of a weak trend in New York. This was bad luck for the Canadian *Province of Nova Scotia which* launched a $100m, three-year 8 per cent issue at 101 through UBS (Securities). The deal traded outside its 1⅞ per cent fees and the net launch margin of 66 points over the equivalent *US Treasury issue widened* slightly during the afternoon.

SNCB, Belgian state railways, launched a $50m, 5½ year issue carrying a coupon of 8¼ per cent through Mitsubishi Finance International, which has priced the deal at 100⅞. Bankers felt that this bond too would have traded badly, but it was supported by the lead manager inside the 1⅞ per cent fees and an undisclosed portion was pre-placed.

Like other Belgian issues the bond comes in registered form only and in large denominations of $250,000.

Fleet Financial Group of the US launched a $100m, 12 year floating-rate note carrying interest at a margin of 10 basis points over the three-month London interbank offered rate (Libor). Lead manager Salomon Brothers set the issue price at par.

The poor state of the dollar market is driving Japanese borrowers into other currencies. After Japan Airlines' issue in French Francs Nippon Telegraph and Telephone is now offering Ecu 130m of seven year bonds at 7 per cent with an issue price of 100¾ per cent. *Lead manager is Banque* Paribas which has also arranged for the proceeds to be swapped into Yen.

Nippon Telegraph paper no longer carries a state guarantee in the run-up to privatisa*tion due to start later this year* but the paper is still rated AAA by both Moody's and Standard and Poors.

German bond markets were closed yesterday for a public holiday, and trading in Switzerland was also subdued. Enserch Corporation of the US is expected to launch a SFr 189m private placement today with a coupon of 5 per cent and issue price 99½.

● **Standard Chartered Bank's** Hong Kong branch is planning a HK$100m naked warrant issue led by Morgan Guaranty, the first of its kind here, **Reuter adds from Hong Kong.**

The 200 warrants are priced at HK$9,500 each and traded yesterday at HK$8,600 on the *grey market.*

The warrants can be converted on four exercise dates within one year into fixed rate certificates of deposit which mature four years after the l'ist conversion date. The certificates of HK$500,000 each carry an 8.05 per cent coupon with quarterly payment. Conversitn price is par.

Citicorp issues sterling interest rate options

BY ALEXANDER NICOLL

*Citicorp Investment Bank yes*terday launched a series of products enabling long-term bor*rowers in sterling to control* interest rate costs.

Mr Mark Blundell, a Citicorp executive, *said the US market in such services* — interest rate caps, floors and collars — has grown to between $8bn and $10bn in about four years. They are particularly useful in management buy-outs and property development. Similar products have also been applied to retail lending such as mortgages.

Their application to the sterling market has been facilitated, he said, by the growth of hedging instruments such as *futures and options in the gilt* market, and by the liberalisation of US markets which has expanded volume in the gilts market itself. This enables banks to hedge the risks they take on by selling such products.

*Citicorp is offering the ser*vices for minimum amounts of £1m and a maximum of £50m, with maturities from six months out to 10 years. It will make a continuous market, standing ready to buy positions back from customers if required.

The products are essentially interest rate options. A ceiling rate agreement, or cap, fixes borrower's maximum costs but allows him to benefit from falls in rates. A floor provides the investor with similar protection against falling rates. Every six months — or at whatever interval is agreed during the life of the arrangement — Citi*corp pays the borrower the dif*ference between the cap level and actual market rates.

The cost, or option premium, of an interest rate cap for 10 years at 11 per cent would be 6 per cent or 85 basis points per year. Borrowers can reduce the cost by arranging a floor/ceiling, or collar, in which they give up some of the potential *windfall benefits of a drop in* interest rates.

$308m share offering

BY OUR EUROMARKETS STAFF

Citicorp, parent of the largest US bank, has launched a 5m *share issue, worth $308m at* yesterday's market price, with one-fifth of the offering being distributed outside the US. Salomon Brothers and Merrill Lynch are leading the US sale, and their London arms are arranging the international portion. The issue price is expected to be set early next week, and indi*cated fees are between 2 and* 2¼ per cent.

US banks to battle on against Fed ruling

By William Dullforce in Lugano

US COMMERCIAL banks will press Congress to amend banking legislation if an appeal against a decision to prohibit them from underwriting commercial paper is dismissed, Mr David Mace president of Irving Trust company, said yesterday.

The matter was of great concern for the commercial banks because it involved their right to underwrite other corporate debt as well as commercial paper, he said.

If the appeals court decision, expected by the autumn, went against the banks, they would immediately step up pressure in the Senate and House finance committees to have legislation changed. The matter was likely *to be a close run thing, Mr Mace* said.

The case before the court of appeals relates to the ruling by *the Federal Reserve Board in* June last year that the placing of commercial paper by Bankers Trust fell within the scope of securities activities authorised under the Glass-Steagall Act, *which governs US banking.*

> A ban on US banks underwriting commercial paper will be fought all the way, the international banking symposium in Lugano was told

The ruling was challenged by the Securities Industry Association in a Federal district court which concluded in February that Bankers Trust's commercial paper operations did violate the Glass-Steagall Act. The district court decision was taken to the appeals court.

The district court ruling not only outlawed commercial paper activities by the banks, it also threw into contention the lawfulness of any security place*ment operations by banks.*

Mr Mace's remarks were made during an address on the reformation of US banking at the Lugano international banking symposium. Outling the progress made in dergulating US banking, since the first negotiable certificates of deposits were marketed in 1961, the Irving Trust president said that the *artificial limitations on commer*cial banks in the Glass-Steagall Act could not be maintained in the context of the current world capital market.

US commercial bankers were becoming increasingly worried about competition not only from investment banks but also from non-bank rivals such as the financial service operations of cor*porations such as General Elec*tric, Sears and American Express.

But, Mr Mace predicted that within ten years all the old barriers would have been removed from the US banking market. Commercial, savings and investment banks would be merging and operating in all 50 states.

*As the artificial barriers dis*appeared, they would have to be replaced with bankers' own constraints that made sense in market and functional terms.

Banks would have to be selective in choosing the markets to serve. This need to select would place the greatest demand on managers of financial institutions in the next decade, Mr Mace forecasts.

"Each one of us will have to know our talents and our advantages and exploit them well *in those markets — and only* those markets — that make sense to us. We must assess our risks, we must know the value *and proper price of our ser*vices," Mr Mace said.

Other bankers at the Lugano symposium commented that several big US banks were already conducting far reaching reassessments — and reaching different conclusions on how or in which segments they should position themselves in a fully deregulated world financial market.

In a similar context **Mr Denis Child**, deputy chief executive of Britain's National Westminster Bank, urged European bankers to take a close look at Brtain's new financial services legislation with its emphasis on *market practitioner-based regu*lation within a statutory framework.

The British legislation might be used as a basis for a common European or even international approach he suggested. London was Europe's financial centre, sharing the "triple crown" with New York and Tokyo, but developments *in London should, complement* not conflict with, wider European ambitions.

Europe needed a more complete international market, equipped to face competition, but this could be a reality only if there was harmony in Europe in regulatory environment, supervision and the free movement of capital, Mr Child said.

Sun Life

IT WAS incorrectly stated earlier this month that Liberty Life of South Africa owns a majority of Sun Life, the UK insurance company. Its stake is, in fact, 26 per cent.

Swiss National Bank lifts limits on foreign issues

BY JOHN WICKS IN ZURICH

SWISS National Bank has lifted all restrictions on the maturity and early redemption of bonds and notes issues by foreign borrowers.

Hitherto, such bonds have been subjected to a final maturity of at least eight years, with early call under certain conditions after a minimum of five years. Medium-term notes' maturities had been fixed at between 18 months and eight years, with early redemption after 18 months or at least half the original maturity.

At the same time, notes will no longer be tied to a minimum denomination of SFr 50,000 or have to be deposited with an issuing bank or with the Swiss Securities Clearing Association (Sega).

This move is intended to regularise the status of much of the notes market. Since the *scrapping of publicity restric*tions in the medium-term sector and the growth of a lively secondary market, most notes have today lost the character of private placements and become *public issues.*

Mr Pierre Languetin, chairman of the bank's governing board, *said in Zurich yesterday* that "true private placements" will still be possible. The decision as to what constituted a public notes issue and a *private* placement would be taken by the Federal authorities.

An *indication of* the difference between the two categories was given by Dr Markus Lusser, the bank's vice chairman, who said that a true private placement would be one with a "confined and distinct market." In the case of major international notes issues of this kind, he said, he visualised a note denomination of SFr 500,000.

In the primary market, the distinction between public and private notes is important in view of attempts to improve prospectus publicity in respect of note issues. Dr Lusser regretted the failure of the banks to reach an agreement on this and indicated that this could be a task for the [illegible] banking commission.

The former deposit requirements had been introduced to counter secondary trading, he *explained.* This had, however, become common through the issue by banks of notes certificates, many of which had been sold internationally. In future, he suggested, notes might be listed on minor Swiss stock *exchanges or* traded in computer-supported transactions.

Foreign borrowings reached a new record of almost SFr 14.1bn in the first quarter, of which SFr 8.7bn was accounted for by bonds and *SFr 5.7bn by* notes. In recent years, however, notes issues have exceeded those of foreign Swiss-franc bonds and today something like *SFr* 100bn worth [illegible] are outstanding.

According to Mr Languetin, *the national* bank will continue to subject foreign-currency transactions led by foreign banks to a reporting obligation.

Venezuelan utility reschedules $650m debt over eight years

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

LA Electricidad de Caracas, Venezuela's largest private sector company, has signed a $650m, eight-year rescheduling agreement with its commercial bank creditors.

Under the agreement which covers all the utility's debt *from commercial* banks the *company* will pay interest at a margin of 1¼ per cent over the London interbank offered rate (Libor) with repayments starting in immediate quarterly instalments.

Mr Francisco Aguerrezere, La Electricidad president, said yesterday the company had been able to achieve a longer rescheduling than *other* Venezuelan companies which are normally expected to repay their bank creditors over a five-year period. This rescheduling had been extended for a further three because creditor banks will agree extra credit lines for the last three years.

Nonetheless the repayment schedule will place some pressure on the company's cashflow, he said. This will be an *incentive* for the company to seek alternative Bolivar borrowings on the local capital market.

La Electricidad scrapped earlier plans to secure its rescheduling *against* zero-coupon US Treasury bond issues because this has become too expensive now that interest rates have fallen, he said.

Negotiations with the company's main bank creditors, a group of seven banks led by Morgan Guaranty, were not impeded by the government's already-announced plan to reopen its $21.2bn rescheduling signed last year.

Mr Manuel Azpurua, Venezuela's Finance Minister, is due to travel to New York next week for preliminary talks on reopening the rescheduling to amend the repayment schedule, but little initial progress is expected.

Bankers believe that the announcement the rescheduling would be reopened was made by President Jaime Lusinchi mainly to satisfy public opinion at home after the collapse of oil prices, but the government is not expected to pursue the matter very *urgently* at this stage.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on May 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9⅝ 16	200	101⅞	102⅜	−0½	+1	9.55
Atlan. Richfield 10¼ 00	250	104½	105	−0⅛	+0⅜	9.62
Australia Com. 11 95	200	114⅝	115⅛	−0⅛	0	8.56
Australia Com. 11¼ 00	100	114⅞	115⅜	−0¼	+0¼	9.28
BP Capital 9⅞ 94	100	99⅝	100⅛	+0⅛	+0⅜	9.10
BP Capital 11⅛ 92	150	107¼	107¾	−0¼	+0⅜	9.34
Campbell Soup 10½ 95	100	109½	110	−0¼	+0½	8.90
Canada 9 96	1000	104½	105	−0⅛	0	8.26
Canada 11½ 90	500	111	111½	−0¼	+0¼	7.95
Canadian Pac. 10¾ 95	100	107¾	108¼	−0½	−0⅛	9.15
CEPME 10⅛ 91	100	106¼	106¾	−0⅛	+0¼	8.64
Citicorp 10 88	200	103⅛	103⅝	−0⅛	0	8.19
Citicorp 10⅝ 95	200	103¼	104¼	−0⅛	−0⅛	9.93
Credit Lyonnais 9 91	200	102½	103	−0½	+0⅛	8.27
Credit National 9⅛ 93	150	102⅝	103⅛	−0⅛	−0¼	8.53
Denmark Kingdom 7¾ 93	250	96⅝	97⅛	−0½	−0¼	8.36
Denmark Kingdom 11½ 90	100	110	110½	−0¼	+0¼	8.34
Denmark Kingdom 11½ 92	100	112⅞	113⅜	−0⅛	+0¼	8.94
EDC 8½ 92	100	100⅞	101⅜	−0½	+0⅛	8.24
EDF 10 95	225	107	107½	−0½	−0⅛	8.81
EEC 8⅝ 91	150	101⅞	102⅜	−0⅛	−0⅛	8.06
EEC 9⅝ 90	350	104⅜	104⅞	−0⅛	−0⅛	8.25
EIB 10¼ 94	200	108⅛	108⅝	−0⅛	−0⅛	8.78
EIB 12 95	200	119⅝	120⅛	−0⅛	+0⅜	8.69
Eli Lilly 10¼ 92	150	108⅞	109⅜	−0⅛	+0⅛	8.39
Equit. Lrd. Rlty. 10½ 97	100	†104⅝	105⅛	0	+1⅛	9.76
Export Dev. Cpn. 10 90	100	106⅝	107⅛	−0⅛	+0⅜	7.92
Fed. Dep. Strs. 10⅛ 95	100	108½	109	−0⅛	+0⅛	8.71
Ford Motor Cred. 10½ 91	150	106½	107	−0¼	+0½	8.86
Ford Motor Cred. 11⅜ 90	100	107¾	108¼	−0⅜	+0¼	8.73
Gen. Elec. Cred. 10¼ 00	200	105⅜	105¾	−0¼	+0¼	9.52
GMAC 10¼ 89	200	105⅛	105⅝	−0⅛	+0¼	8.18
GMAC 10¼ 92	250	105⅞	106⅜	−0¼	+0½	8.94
IADB 9⅜ 95	200	107⅜	108⅛	−0⅜	−0¼	8.58
IADB 10½ 95	150	112¼	112¾	−0¼	0	8.46
Kellogg Co. 10⅞ 90	100	106¼	106⅝	−0⅛	0	8.79
Kellogg Co. 11¼ 92	100	107½	108¼	−0¼	−0⅜	9.30
Nippon Cred. Bk. 10⅝ 95	150	112	112½	−0½	+0¼	8.66
Pepsico Inc. 7⅞ 93	200	94¾	95¼	−0¼	+0½	8.56
Proct. & Gamb. 'A' 9⅞ 92	150	104½	104⅞	−0¼	+0¼	8.90
Pru Realty Secs. 12⅛ 95	542	115⅛	115⅝	−0⅛	+0¼	9.41
Qantas Airways 10⅜ 95	140	110⅞	111⅜	−1½	−0½	8.60
Queensland Govt. 10¼ 95	100	109	109½	−1⅛	−1¼	8.74
Ralston Purina 11¼ 95	150	111¾	113⅛	+0½	+0⅜	9.41
Saab Scania 9½ 91	125	102⅝	103⅛	−0⅛	+0⅜	8.72
Saskatchewan 10¾ 92	100	110⅜	110⅞	−0⅛	−0¼	8.35
Scandinavia Air. 10⅛ 95	150	107⅛	107⅝	−0¼	+1	8.89
State Bk. S. Aust. 9¼ 95	100	102⅛	102⅝	−0½	−0⅛	8.75
Statoil 10 90	170	105½	106	−0¼	−0¼	8.52
S. Wales Trsy. 11¾ 90	150	110⅝	111⅛	−0⅛	0	8.37
Swed. Exp. Cred. 10 92	100	107⅝	108⅛	−0⅜	0	8.29
Sweden 8¼ 96	200	102½	103	−0⅜	+0¼	8.32
Sweden 10¼ 92	250	108⅞	109⅜	−0¼	+0⅜	8.34
Sweden Kgdm. 10⅜ 90	200	108⅝	109⅛	−0½	−0¼	8.15
Sweden Kgdm. 11¾ 94	100	114	114½	−0⅜	0	9.24
Tenneco Cpn. 10¾ 95	150	†105¼	105¾	−0⅛	+0¼	9.82
Utd. Tech. Fin. 10⅛ 95	100	108⅝	108⅞	0	0	9.21
Victorian Rep. 11⅝ 92	150	112¾	113¼	−0½	0	8.72
World Bank 9¼ 2016	300	106¼	107¼	−0⅜	−0⅛	8.58
World Bank 9⅜ 2016	300	109½	110	−0⅜	+0⅛	8.81
World Bank 10⅛ 95	300	111½	112	−0½	0	8.26

Average price changes on day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap. Corpn. 5⅜ 94	130	*†100½	100¾	0	0	5.28
Brit. Land Comp. 6½ 99	75	*†105	105¼	+0⅛	0	5.99
Chrysler 5¾ 96	160	*†101¾	102	+0¼	0	5.50
Council of Europe 6 92	120	*†104	104½	−0¼	−0¼	5.23
Creditanstalt 5½ 94	100	*†101¾	102	+0¼	0	5.22
Deutsche Bank Fin. 5⅜ 95	100	*†105½	105¾	+1	0	4.57
Gen. Occidentale 4½ 94	80	*†115	115¼	−2¼	−0¼	2.51
Glendale Fed. S&L 5½ 95	100	*†99¾	100	0	−0¼	5.51
Humana 5⅛ 98	120	*†98	98¼	−3⅛	−0¼	5.34
Ind. F. Finland 5¼ 94	40	*†102	102¼	0	+0¼	5.45
New Zealand Steel 5¼ 96	70	*†102	102¼	+1	+1½	5.47
Oberos. Kfbwk. 5⅜ 95	100	*105	105⅝	+0⅛	+0¼	4.89
Olivetti Intl. 5½ 95	100	*†103	103¼	+0½	+0¼	5.06
Pepsico 5⅝ 95	130	*†103	103¼	+1¼	0	4.80
Phibro-Salomon 5⅛ 97	110	*†101¼	101½	−0⅛	−0¼	4.96
Ralston Purina 5½ 94	125	*†102¼	102½	−0¼	0	5.02
Settsu Euro. 0 2001	100	*†49	49¼	+0¼	+0¼	4.93
Tokyo Elec. Pwr. 5½ 95	120	*†102½	102¾	−0¼	−0¼	5.02
Tokyo Metropolis 5¼ 94	80	*102	102¼	0	0	4.95
World Bank 5¾ 94	150	*†105¼	105½	−0¼	−0¼	5.24

Average price changes on day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Os. Cr. 5⅝ 91	20	95¼	95¾	−0½	−0⅞	7.00
Denmark 6⅞ 96	10	99⅝	99⅞	−0¼	−1⅛	6.42
Dow Chemical 6⅛ 01	25	94	94½	−0¾	−1⅝	7.01
EIB 6⅛ 96	25	99⅝	100¼	−0⅝	−1½	6.14
Hydro-Quebec 6⅝ 94	10	98⅞	99⅛	−0¾	−1½	6.81

Average price changes on day −0⅜ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	*107⅛	107⅞	+0⅛	−0½	6.76
Austrian Elec. Co. 6½ 95	150	*99⅞	100⅜	−0¼	+0¼	6.40
Dow Chemical 5⅝ 96	300	*100¼	101¼	0	0	5.49
Dow Chemical 6¾ 95	300	*103¼	104	+0⅛	−0⅛	6.22
EIB 6⅞ 95	300	*102¾	103¼	−0⅛	−0⅜	6.43
EIB 7¼ 94	300	*103½	104	0	−0⅛	6.66
Embart Corpn. 6¾ 95	175	*101¼	101¾	−0¼	−0¼	6.52
Ex.-Im. Bk. Korea 7⅝ 90	100	*101¼	102¼	−0¼	0	7.44
Finland Republic 7 92	200	*102¾	103¼	0	−0⅛	6.34
Hoesch Int. Fin. 7 95	100	*†101⅞	102⅜	−0¼	−0½	6.69
Hydro Quebec 5½ 96	125	*93¼	93¾	+0¼	0	6.40
Hydro Quebec 6 2016	150	*102	102⅜	+3¼	+3¼	5.85
IBJ 5⅞ 96	200	*†94¼	94¾	−0⅛	−0⅛	6.59
Ireland 8⅛ 92	150	*†106½	107	−1¼	−1¼	6.71
I/S Elsam 6¾ 93	125	*106⅞	107⅜	+6⅜	+6¼	5.58
Japan Fin. Corpn. 7⅜ 91	100	*100⅝	100⅞	−3⅜	−4	7.47
Mitsubishi M. 3⅜ 89 WW	100	*104	104½	−2¼	−3½	1.87
Mitsubishi M. 3⅜ 89 XW	100	*90¼	91¼	+0¼	+1⅛	6.00
Renfe 7¾ 95	100	*105¼	105¾	0	+0⅛	6.91
Soc. Cent. Nuclear 7¼ 95	150	*102¾	103¼	−0¼	−0⅜	6.79
Soc. Cent. Nuclear 8 91	100	*105¼	105¾	−0¼	0	6.65
S. African Trpn. 7⅝ 92	100	*101½	101⅞	+0⅛	+0⅛	7.30
World Bank 7 95	400	*103⅝	104⅛	−0⅛	−0⅜	6.43

Average price changes on day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amcn. Ex. Os. Cr. 0 92 A$	100	55	56	+0⅛	+0½	12.81
[illegible] 12¾ 91 A$	30	[illegible]	[illegible]	+0⅛	[illegible]	[illegible]
Fiat Finance 14½ 89 A$	50	103½	104½	+0⅛	+1¼	12.50
GMAC 12⅝ 89 A$	40	100⅛	100⅞	+0⅛	+1½	12.09
Landsbk. Rhein 13 89 A$	30	100¼	101¼	+0⅛	+0⅜	12.44
Canadian Pac. 10⅜ 90 C$	75	†103⅝	103⅞	+1¼	+0⅜	9.29
Chrysler Fin. C. 10 91 C$	75	†98⅞	99⅜	+2	+1½	10.43
Genstar Fin. 11¼ 95 C$	75	†105⅛	105⅝	−0⅛	+0¼	10.74
GMAC 9¼ 92 C$	75	†99¼	99¾	+2⅞	+0¼	9.36
Royal Trustco 10⅛ 90 C$	75	†101⅞	102⅜	+3¼	+0¼	9.80
Sears Acc. 10⅝ 92 C$	75	†105¼	105¾	−0⅛	+0½	9.42
Coca-Cola F. Cp. 17 90 NS	75	107⅛	108⅛	+0¼	1	14.43
Denmark 17½ 89 NS	50	†104½	105½	0	+7¼	15.40
Unilever Cap. 17½ 89 NS	50	103½	104½	+0⅛	+0½	15.75
Copenhagen City 9 95 Ecu	40	109	109¾	−0⅛	−1¼	7.57
EIB 8⅝ 93 Ecu	100	107⅞	108⅜	−0⅛	−0½	7.07
Walt Disney 8¾ 94 Ecu	63	108¼	108⅞	−0½	+0⅜	7.27
Honda Mtr. WW 3⅜ 90 Fl	100	108½	109¼	0	−0¼	1.46
Honda Motor XW 3⅜ 90 Fl	100	91½	92¼	−0⅛	−0½	6.34
Thyssen 7¼ 90 Fl	50	102⅞	103⅝	0	0	6.38
Wereldhave 7½ 90 Fl	75	103⅝	104⅛	+0⅛	+0⅛	6.32
Wessanen 6¾ 90 Fl	50	101	101½	−0⅛	0	6.40
Tstkse. Forte 8⅝ 91 FFr	400	†99	99½	−0⅛	−0¼	8.81
Amev 11 93 £	50	105⅛	105⅝	+0¼	+0½	9.92
Australia Com. 11 92 £	40	106¼	107¼	−0⅛	+0⅝	9.50
GMAC UK Fin. 10½ 90 £	30	103⅝	104½	+0¼	+0⅝	9.23
Imp. Chem. Inds. 10 03 £	100	†101⅝	102⅛	−0⅛	0	9.78
Imp. Chem. Inds. 10¾ 92 £	75	103⅞	104¼	−0⅛	+0⅜	9.83
Invst. In Inds. Intl. 10 93 £	60	102⅝	103	0	+1⅛	9.44
Leeds Bld.-Soc. 10½ 91 £	50	103	103½	−0⅛	+0⅝	9.61
McDonalds 10⅞ 90 £	40	104⅝	105	+0⅛	+0⅛	9.32
MEPC 10¼ 2003 £	75	†97	97½	0	0	10.60
Nationwide BS 10⅛ 93 £	75	101⅞	102⅜	−0⅛	+0⅜	9.72
NSW Treasury 10⅝ 92 £	50	103⅝	104	−0⅛	+0⅜	9.81
Royal Insce. 10⅝ 92 £	60	103⅞	103¾	−0¼	−0⅛	9.88
J. Sainsbury 10⅞ 93 £	60	104¾	105½	0	+0⅝	9.76
Tstkse. Forte 11⅛ 90 £	30	103⅝	104⅛	−0⅛	+0⅝	9.86
World Bank 11¼ 95 £	100	110¼	110⅝	0	+0⅛	9.45
CoE 8⅞ 95 LFr	600	†105½	106½	+0⅛	0	7.88
Nat. Lx. Alem. 10½ 92 LFr	500	100¼	100⅞	−0⅛	−0⅛	10.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. Society 5 98 £	0⅛	100.05	100.15	14/7	10.44
Barclays Bank Perp. 1	0¼§	100.17	100.32	2/7	8⅛
Barclays Bank Perp. 2	0¼§	100.25	100.40	14/8	8⅛
Belgium, Kingdom of 91	0	100.70	100.80	19/8	8.06
BNP 5¼ 95	0.05	102.20	102.30	30/7	8.05
Britannia 5 93 £	0⅛	100.19	100.37	8/2	10⅝
CCF 5¼ 97	0	99.82	99.92	14/5	6.94
Citicorp 5 2005	0⅛	99.59	99.69	28/4	7.73
Credit Lyonnais 5 2000	0⅛	100.58	100.68	18/7	8.06
EEC 5 92 DM	0	100.24	100.34	29/8	4.44
EEC 5 90	0⅛	100.05	100.15	8/7	8.06
EEC 5¼ 93 Ecu	0.0312	†99.93	100.03	30/9	9.91
Halifax Bldg. Soc. £ 94	0.1	99.87	100.02	6/8	10.59
Lloyds Bank Perp.	0⅛	100.34	100.44	9/8	8⅛
Midland Bank 2001 £	0.1	99.82	99.97	7/8	10.6
Milk Marketg. Board 5 93 £	0⅛	99.85	99.95	27/6	12.31
NatWest Perp. A	0⅛§	100.34	100.44	9/7	8.31
NatWest Perp. B	0⅛§	100.42	100.52	9/8	8⅛
New Zealand 5 97 £	0.07	99.90	100.00	14/5	12⅝
New Zealand 5 2001	0	100.50	100.60	4/8	8⅛
Prudential Corpn. 4 95 £	0.1	99.72	99.87	5/6	12.35
Royal Bank Scotland 5 Perp.	0⅛	100.15	100.25	11/6	8.44
United Kingdom 5 92	0	100.35	100.45	7/7	8.06
Woodside Financial 5¼ 97	0	100.05	100.15	28/7	8.19
Woolwich 5 95 £	0⅛	99.94	100.11	29/5	11.69

Average price changes on day +0.02 on week +0.06

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	239	240¼	+16¼	15.98
Comcast 7 2000	12/85	25.87	†120	121	+1	12.82
Fanuc 3¼ 98	1/84	7052	221	222	−2	62.99
Fuji Heavy Inds. 3 2000	8/85	676	110⅛	111⅞	−0⅜	−0.75
Fujitsu 3 99	5/84	1320	117⅝	118⅜	−0⅜	19.14
Kumagai Gumi 3½ 2000	3/85	600	†239	240	0	10.62
Marui 3½ 99	7/84	1162	294⅞	295⅞	−0⅝	−1.61
Minolta Camera 2¼ 94 DM	2/86	1105	*105½	106½	−0¼	20.66
Mitsubishi Bank 2⅞ 00	8/85	1760	122¼	123¼	−0¼	1.41
Mitsubishi Elec. 2⅞ 00	3/85	422	124	125	−0⅛	−0.72
Mitsui Bank 2⅞ 01	4/86	103.9	108	109	−0⅛	−10.18
Murata 3½ 2000	7/84	2398	161	162	+0½	−22.33
Nippon Elec. 2⅞ 2000	1/85	1295	173⅞	174⅞	−1¼	10.24
Nippon Oil Co. 3 2000	5/85	923	106	106¾	−0¼	−2.71
OKI Elec. Ind. 3½ 99	10/84	305	119	120	+0½	−5.12
Sanwa Bank 2¼ 00	10/85	1486	123¼	124¼	−1	4.47
Sekisui House 3 99	6/84	612	269½	270½	−2⅛	−4.36
Sumitomo Bank 2¼ 2000	8/85	2142	125½	126½	−0⅛	2.36
Sumitomo Corpn. 2⅞ 99	5/84	595	194½	195½	−3¼	−3.37
Taiyo Yuden 3¼ 2000	3/85	1078	†159	160	+5	1.49
Tokyo Sanyo Elec. 3½ 99	12/84	772	†107	108	0	−1.65
Toshiba Ceramics 3 2000	4/85	1734	131½	132½	−0¼	6.25
Nippon Oil Co. 2⅛ 92 SFr	3/84	1052	*†136½	137	+4	2.12
Nippon Shinpan 2 92 SFr	3/84	801	*†190	190½	+4	12.38
Asics 5 92 DM	12/85	520	†151	152	+0⅛	5.72
Renown 3¼ 90 DM	3/85	675	*147½	148½	+1⅛	−4.88

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

Property sales lift Boots to £210m

Boots Company, the pharmaceuticals and consumer products group, yesterday reported taxable profits of £210.4m for the 1985-86 year.

This was a rise of 10.6 per cent on last year's £190.3m, and ahead of most analysts' estimates, thanks largely to a higher than expected surplus of £19.3m (£8.9m) on property disposals. Interest income also rose, from £8.5m to £13.1m.

The improvement came out of turnover of £2.13bn, up from £2.03bn, representing a rise in margins from 9.4 per cent to 9.9 per cent. Mr Robert Gunn, the chairman and chief executive, said that the search for higher margins would continue.

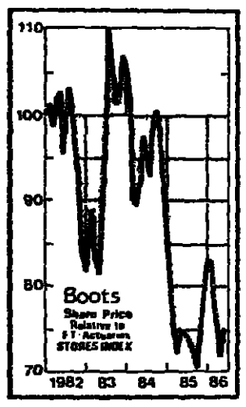
Mr Gunn also said that the company was on the lookout for possible acquisitions, particularly in its industrial division, which turned in only a modest performance in the year to March 31 1986. No definite targets had yet been identified, however.

In addition, the company announced a revaluation on its UK shop freeholds and long leaseholds, which took place last January 1. This amounted to £502m, on the basis of open market value for existing use, which was a surplus of £326m over historical net book value. The last revaluation took place in 1981, since when £94.6m has been realised on disposal surpluses.

The dividend for the year is raised by 0.9p to 7.1p with a final of 4.6p, up from 4p. Earnings per share jumped 20 per cent to 18.6p (15.5p) after a tax charge of £72.8m compared with £76.6m.

After the higher dividend of £51.8m (£45.2m) and a £21.2m extraordinary credit last time, profits retained in the 1985/86 year were lower at £84.1m (£88.7m).

In the retail division, sales rose from £1.75bn to £1.83bn for profits of £111.4m (£102.9m). There was a credit last time of £5.8m as a DHSS remuneration adjustment. Mr Gunn says that Canadian profits were seriously affected by the prolonged industrial action last summer. The rapid expansion of the Sephora business in France continued, with sales performance above expectations.



The industrial division saw profits of £66.6m (£64.2m) on sales of £404.9m (£383m), rises of only 13.7 and 5.7 per cent respectively. The chairman says it was significantly affected by changes in currency exchange rates, especially the US dollar. At constant rates the sales increase was 11 per cent and profits were up 15.6 per cent.

Exports to third parties, including the sales of over-the-counter analgesics to the US, increased by 14.8 per cent and subsidiary companies in Europe and the Indian sub-continent performed well. These more than offset the loss of royalty income from the US following the expiry of the ibuprofen patent in May 1985 and the increased price competition on ibuprofen products experienced in the US. Research and development expenditure increased by 16.1 per cent to £26m

Capital expenditure exceed £100m for the first time. Heavy investment continued in the introduction of new retail formats as well as in research and pharmaceutical production facilities.

See Lex

Earnings and dividend jump at Courtaulds

Courtaulds, the international textiles, chemical and industrial products group, has lifted its pre-tax profit by 11.5 per cent and its earnings by 25 per cent in the year ended March 31, 1986.

In view of the ample cover and their confidence in the future, the directors are recommending a 30 per cent rise in the net dividend. The final is 4.75p for a total of 6.5p (5p).

The year saw turnover rise from £2.15bn to £2.17bn, operating profit from £134m to £149.1m, and the pre-tax balance from £128.2m to £143m. This is in line with stock market expectation.

Sir Christopher Hogg, the chairman, says UK operating profits were ahead by 21 per cent to £85.7m (£71m) and overseas by 12 per cent in local currency; however, in sterling terms this contribution was £63.4m (£63m).

The chairman says the continued momentum in terms of profit growth and the improvement in operating margins from 6.2 per cent to 6.9 per cent clearly demonstrate the group's resilience in a year which saw its fair share of difficulties.

The group has created a stronger earnings base than for many years past, he states.

If overseas results had been translated at the 1984-85 exchange rates, turnover would have been higher than reported by £83.2m, operating profit by £7.4m (mainly woodpulp and paint) and pre-tax profit by £4.3m.

Chemical and industrial products accounted for £1.25bn (£1.41bn) of turnover and £98m (£94m) of operating profit, while the textiles group produced £912m (£840m) and £55m (£47m) respectively.

Operating profit in fibres improved £14m to £51m within a generally good demand for man-made fibres in the world, and more particularly a better balance of demand and capacity in Western Europe.

Woodpulp profits fell to 14m (£21m), being affected by weak pulp prices and start-up costs of the new magnesium plant. At the end of the year prices were showing some improvement.

In paint the profit moved up £2m to £23m. Margins improved substantailly and in local currency terms the profit was 26 per cent higher.

On the textiles side the strong growth shown over several years continued, although market conditions overall were little changed compared with last time. Major contributors were spinning, apparel fabrics and brand clothing.

After tax £26.3m (£28.1m) and minorities £3m (£9.3m), the year's attributable profit came to £113.7m (£90.3m). Earnings were 29.95p (23.91p) before extraordinary charges, net of realisation profits, of £9.5m (£15.4m).

See Lex

Saatchi surges to £26m on the back of better margins

CONTINUED strong performances by both its communications and consulting divisions enabled Saatchi & Saatchi Company, the world's largest advertising agency, to achieve its 21st half year of growth in the first six months of the 1985-86 year.

At the pre-tax level profits surged from £15.51m to £25.95m, an increase of 67 per cent, from a turnover £273.2m ahead at £791.5m.

Mr Maurice Saatchi, the chairman, says the group's overall margins of pre-tax profits on revenues improved from 12.8 per cent to 14.1 per cent, reflecting further margin improvement in Saatchi's base business as well as margin improvements among new group companies.

He adds that the half year saw strong flows of new clients. Also additional business was registered throughout all divisions and regions of the group's operations from existing clients.

The advertising operations performed exceptionally well with major new assignments around the world.

Dorland continued to perform strongly and during 1985 became the third largest UK agency.

The communications sector was additionally strengthened by the establishment of a significant presence in direct marketing in Europe and in the UK. Saatchi's public relations operations now rank among the top three.

The consulting division made a further excellent contribution and the directors are looking forward to significant growth from this sector of the group's business.

Earnings for the opening half year (to March 31) emerged at 25.03p (20.79p) and the interim dividend is being stepped up from 5.29p to 7.34p net per 10p share

Revenue totalled £153.84m (£121.33m). Tax rose to £9.6m (£6.05m) to leave net profits at £16.35m (£9.46m).

In April of this year the group raised £393m via a rights issue to enable it to further its goal of building market share worldwide. At the time the directors forecast that profits for the current year would be not less than £67.9m pre-tax, an increase of some 68 per cent over the previous year's £40.5m.

Saatchi became the world's number one advertising agency following the acquisition earlier this month of Ted Bates, a privately-owned US agency, for £297m cash.

See Lex

Gerrard & National making £22m rights

Gerrard & National, the UK's largest discount house, announced a doubling in profits yesterday and a £22m rights issue to sustain its present rapid rate of expansion.

The rights issue, which is being underwritten by Baring Brothers, will be on the basis of one-for-four at 300p each. The company said the issue was being made "to ensure that the present impetus can be sustained and to finance further expansion without having to reduce the resources available to the existing discount house."

Gerrard's shares closed last night at 344p, down 4p. The issue is the second by a discount house this month; Cater Allen has just raised £18.5m.

The new shares will not qualify for the proposed 12.5p final dividend for the year ending on April 5, 1986. This makes 15.5p (13.2p) and the directors expect to at least hold this for the current year.

After tax profits last year amounted to £10.1m, up from £5.2m the previous year. Inner reserves were also increased.

Commenting on the results, Gerrard said the fall in interest rates which started in February had helped yield "excellent profits" in the second half, after a poor first. Operations in the international markets had also been profitable.

The further fall in interest rates since the start of the new trading year had produced further profits. The company reduced and shortened its book when interest rates showed mixed trends in the early spring.

But when UK base rates came down to 10 per cent on May 22, the group increased the book again, and remains confident that there will be further falls in short term rates.

Shareholders will be asked to approve the creation of a holding company for the group to accommodate its continuing growth and diversification.

● comment

Gerrard & National has been busy over the past year consolidating its position at the head of the discount house field, with more than an eye to the opening of the new-style market in gilt-edged. Gerrard's much improved trading results satisfactorily put the disappointments of 1985 in perspective, and rather confirm that the mere capitalisation of the primary dealership could have been handled from the existing balance sheet. However, it is seldom possible to advance only on one front at a time, and increasing exposure to overseas bond markets — plus an envisaged need to place offices in New York and Tokyo — makes the case for going to the shareholders. Disdaining the deep-discount approach embraced by its smaller competitor Cater Allen, Gerrard has decided to take a more orthodox line. The £22m has been underwritten, at a noticeably narrow discount, and without putting pressure on the share price. On a day when the long end of the gilt-edged market slipped by a discouraging point, Gerrard closed only 4p lower at 344p. But then the 22.5 per cent increase in final dividend jacks the yield up to 6.6 per cent, almost back to par with Union.

See Lex

Lep advances to £9m and makes cash call

BY TERRY POVEY

Lep, the international freight forwarding group, announced pre-tax profits of £9.1m for 1985, against £7.5m in the previous year, and a one-for-six rights issue at 235p to raise £14.5m in order to reduce borrowings.

Mr John Read, chairman, said the group had been expanding by acquisitions in the service industry field and that net debt stood at £32m (75 per cent of shareholders' funds) at the year end. Subsequently Lep has agreed to purchase a European freight forwarding company for £4m cash.

In 1985, group turnover was £735m (£671m) and operating profit £12m (£9.45m), including a maiden £900,000 from Swift Transport for its first seven months as an Lep subsidiary. Included in the operating total was a £2m (£727,000) contribution from associated companies.

The board says that for 1986 the dividend on the expanded capital should be at least the 5.5p total for 1985

● comment

Under Mr Read, LEP has taken on something of a shine and gained a reputation for ambition balanced by careful planning. So while the chairman does not blush at allegations that the rights issue is opportunistic few will deny that it replaces money that has been well spent. It is, however, tempting to suggest that what is really happening is that Mr Read is seeking to protect the expected £5m a year income from LEP House, the group's one-off 200,000 sq ft office development in the City, from the ravages of interest charges once rental income starts to flow in 1988. If it were only the balance sheet that was at issue then revaluation gains on the property (a £23m surplus looks likely over the existing £7m book value) plus the National Guardian stake would more than do the job. Some shareholders may feel that 1988 is still a long time to hold a stock that has been a flat performer against its sector over the last five years. The £11.5m forecast for 1986 will be bashed again by a high tax rate because of the dependence on overseas earnings. The prospective multiple of 20 on the ex-rights price of 276p seems a bit rich.

Siebe shares rise on doubled profits

By Charles Batchelor

Siebe, the safety products and engineering group which is bidding £182m for APV Holdings, the process engineer, yesterday announced a near-doubling of its 1985/86 profits on the same day that APV posted its detailed defence document.

In a move timed to emphasise the attractions of its all-share bid Siebe announced its pre-tax profit rose to £33.1m in the year ended April 1986, from £17.1m previously on turnover up from £213m to £372m. Earnings per share rose 46 per cent to 54.6p.

The announcement pushed its shares 50p higher to 940p. This was 50p higher than the price when it launched its offer of 23 redeemable preference shares for every four APV shares. Siebe then valued the preference shares at £1 each and the offer at 575p for each APV share. APV's shares rose 3p yesterday to 573p.

In a soberly-worded defence document intended to appeal particularly to the 70 or so institutions owning 75 per cent of its shares APV rejected the Siebe bid as "devoid of industrial logic, inadequate in amount and unacceptable in form."

Sir Ronald McIntosh, chairman, said APV was preparing a profits forecast for the year ending December following the doubling of pre-tax profits to £15m last year.

Burnett in £8m lignite sale to BP Coal

By David Goodhart

Burnett and Hallamshire, the troubled coal-mining group, has sold its interest in the Northern Ireland lignite deposits at Crumlin to BP Coal for £7.8m cash.

The proceeds will be used to reduce its bank borrowings. In April 1985 Burnett announced that it had won breathing space from its bankers while it constructed a divestiture package designed to reduce mounting debt.

It was then announced that the package would include withdrawal from the Californian property market and the restructuring of its US coal interests.

The board said yesterday that while the prospects at Crumlin were excellent the carrying cost of the investment—about £1m per anumn—together with expenditure required until a mine-mouth power station was completed was too onerous given the financial condition of the group.

De Savary builds stake

BY DAVID GOODHART

MR PETER DE SAVARY, the yachtsman and financier, has now built up a 24 per cent stake in Alfred Walker, the commercial property developer.

He announced yesterday that he had bought another 175,000 shares, lifting his holding by a further 10 per cent on top of the 14 per cent acquired on May 21.

Birmingham - based Alfred Walker made a loss of £114,000 in the half-year to October 31 1985, compared with a profit of £1,000 in the previous period of 1984. Turnover was lower at £287,000 (£470,000).

Mr John Donachie, the Alfred Walker chairman and chief executive, said he had been pleasantly surprised "and not at all alarmed" to hear of Mr de Savary's interest.

Mr Donachie added that there had been some discussion about Mr de Savary taking a seat on the board, but these discussions had not yet been completed.

Lloyds hits back at Standard

Lloyds Bank last night hit back at the defence document put out last Friday by Standard Chartered Bank against its £1.2bn hostile takeover bid.

Sir Jeremy Morse, Lloyds chairman, said in a letter to Standard shareholders that the document exaggerates the differences of structure and management style between the two banks, and makes an inaccurate assessment of Lloyds' overseas record.

He stressed that over the last five years, Lloyds' shareholders have seen an increase in value of 220 per cent, while Standard shareholders have seen only 45 per cent. In urging shareholders to accept the offer, Sir Jeremy says it is now worth 762p per share (or 754p for the alternative).

Standard shares closed last night at 803p, down 4p on the day.

Cannon Street buys Scottish housebuilder

Cannon Street Investments, a fast-growing USM-quoted holding company, yesterday laid the foundations for the addition of another division to its existing three with the purchase of Avonside Houses, an unquoted Scottish housebuilder, for an initial £5.5m.

The company also declared an interim dividend of 1p ahead of its first-half figures for 1986.

Avonside, one of Scotland's leading timber frame housebuilders, made profits of £1m in the year to last December. Cannon Street is proposing to buy it through an issue of 4.6m shares, of which 942,000 will be kept by the vendors and the rest sold on their behalf at 120p a share.

Some 20 per cent of the shares being placed will be offered to existing Cannon Street shareholders

Cannon Street was a major casualty of the secondary banking crisis of the 1970s but recovered to be floated on the USM at about 40p last July.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Boots	4.6	July 17	4	7.1	6.2
Chancery Securities‡	1	July 28	—	1	—
City of Dublin Bk...int	0.96	Aug 8	0.96	—	3.2
Courtaulds	4.75	Aug 4	3.6	6.5	5
Edbro	5	Aug 6	4.5	7.5	6.5
Electra Inv	2.3	July 24	2	4.1	3.7
Freshbake Foods‡	1.3†	Aug 29	1.1	1.9	1.7
Gerrard & National	12.5	—	10.2	15.5	13.2
Philip Hill	7.8	July 31	6.65	10.8	9.65
LEP Group	4	July 17	3.25	5.5	4.5
M & G Group ....int	8	July 1	6	—	15
Morland ....int	2.25	July 1	2.25	—	6.38
Redland	7.62	Oct 1	6.93	11.55	10.5
Saatchi & Saatchi ...int	7.34	Sept 30	5.29	—	14
Sandhurst Mktg	0.85	—	0.81	1.24	1.2
Siebe	9.4†	—	8.17	13.48	11.8
J. Smart ....int	1.3	July 14	1.2	—	4.35
Wettern Bros	1.15	—	1	1.15	1
Wolverhampton Br int	3.2	July 1	2.85	—	8.55

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

London & Associated

London & Associated Investment Trust lifted net profits in 1985 by just over £100,000 to £237,000 and has raised the dividend from 0.24p to 0.3p.

Bisichi Tin, an associate company engaged in metal and mineral dealing, achieved taxable profits of £80,439 (£77,901) over the same period. Earnings per share were 0.9p (0.95p) and the dividend is unchanged ta 0.65p.

LADBROKE INDEX
1,327 - 1,333 (−14)
Based on FT Index
Tel: 01-427 4411

Redland 4% higher at £113m

A LOWER return from West Germany and the weakness of the Australian dollar have been offset by better figures in the UK and North America, enabling Redland to lift its pre-tax profit by 4 per cent, from £108.2m to £112.8m, in the year ended March 29 1986.

And for the future, the directors foresee continuing progress in the world-wide development of the group's business and in its financial performance.

They are raising the dividend from 10.5p to 11.55p net per share, with a final of 7.6175p. Earnings are ahead 13.6 per cent to 31.8p because only 56 per cent of the German profit is attributable.

Sales in the UK were £652.3m (£580.4m) and operating profits £61.4m (£51.5m). Each division—aggregates, roof tiles, bricks and fuel distribution—achieved higher profits.

Continental Europe produced sales of £288.4m (£284.2m) and profits £30.8m (£36.5m). In West Germany a sharp fall in new housing starts reduced the sales volumes and profit of Braas.

North America lifted its profit to £20.1m (£13.6m) from sales of £209.3m (£212.2m). Redland Worth Corporation again moved ahead strongly and Monier reported increased profits. Combined with good results in Australia, Monier raised its total profit by 19 per cent, but the weak Australian dollar turned this into a fall in sterling terms.

Sales in Australia and the Far East totalled £120.1m (£141.9m) and profits £10.7m (£12.8m).

After tax £35.5m (£37.1m) and minorities £9.1m (£11.8m), the attributable profit came to £68.2m (£59.3m). There are extraordinary charges of £2.6m (£9.7m).

Capital expenditure rose 46 per cent to £62.9m, of which £26m was spent in the US. Net borrowings at the year end were £76.7m, compared with £64.9m, and ratio to equity increased marginally to 25 per cent.

There was a small cash outflow of £300,000 before taking account of £29m net spent on acquisitions.

● comment

The weather, currencies and West Germany conspired against Redland last year but still earnings came out 14 per cent ahead. Snow and ice in February and March slipped £3m of profit out of Redland's grasp and currency translation whisked another £4½m away. Possibly even more serious was the downturn in the German housing market where volume fell 20 per cent and profits by over 30 per cent. Even before shifting dollars and the winds take their toll in 1986 Redland's fortunes will undoubtedly be mixed. There could be a small recovery in Germany, a setback in Australia, but profits from fuel after last year's bumper return, and possibly a slightly lower contribution from roof tiles. On the positive side UK aggregates and bricks could have a good year but leading the pack should be the US aggregate business. Its crushing capability at San Antonio has been to double to 15m tons and Redland sees no let-up in volume growth — 20 per cent last year — thanks to the booming road building programme. On balance profits should come out around £122m this year dropping the prospective p/e to under 11 at 427p, a rating which underplays the potential of the US.

BAT expects renewed profit growth this year

MR PATRICK Sheehy, chairman of BAT Industries, said yesterday that he expected current year profits to show renewed growth at the operating, pre-tax and attributable levels subject "once again to the translation effect of exchange rates, particularly the US dollar."

In addition, he told shareholders at the annual meeting, that within this framework it remained the board's intention to continue to increase dividends "well in excess of the rate of inflation."

The dollar's weakness owed much to BAT's recently reported 17 per cent profits fall to £1.17bn for the 1985 year, and clouded "growth and good performances in most of the group's businesses."

For 1986, the chairman said yesterday that tobacco business should increase its overall market share with a further improvement in trading profit despite a decline in the opening six months.

Elsewhere, he said the US retailing environment continued to be challenging, "but the businesses that we are retaining are well placed to complete. "Wiggins Teape had made an excellent start to 1986 with profits from carbonless paper well ahead, while the general insurance business of Eagle Star would benefit from improving UK market conditions.

Reuters holders to sell shares worth £55m

BY CHARLES BATCHELOR

THREE shareholders in Reuters Holdings, the international business information group, yesterday announced plans to sell about $82m (£54.7m worth of shares in New York early next month.

Mr Anthony Rich and his son Mr Jerome Rich, who sold their Chicago-based communication systems company, Rich Inc. to Reuters last year for $57.5m in shares and cash, are selling 365,000 American Depositary Shares (each representing six B shares). This represents just under 15 per cent of their Reuters holding.

In addition, the Australian Asociated Pres will sell 1.07m ADSs, or 44.5 per cent of its total holding of B shares. The AAP also owns 13.9m A shares.

The sale price will be based on teh market price. On May 27 the last reported NASDAQ sale price for Reuters was $40.25.

The sale will be underwritten by Merrill Lynch Capital Markets and S. G. Warburg Securities.

Chancery Securities progress

Chancery Securities, a licensed deposit taker and dealer in securities, continued to progress in the second six months and for the year to March 1986 returned profits of £1.22m pre-tax.

This compares with £871,000 in 1984-85 and with the forecast of not less than £1.1m made by the directors last December at the time of the company's entry to the USM.

The dividend is 1p net, 0.1p better than was promised. Earnings per 25p share came through at 7.1p, an improvement of 1.3p, based on the number of shares in issue following the placing.

The directors say the current year has started well.

BANK RETURN

BANKING DEPARTMENT

	Wednesday May 28, 1986	Increase (+) or decrease (−) for week
	£	£
LIABILITIES		
Capital	14,555,000	
Public Deposits	77,564,029	+ 2,011,250
Bankers Deposits	949,524,499	− 195,417,513
Reserve and other Accounts	1,523,556,957	7,582,764
	2,565,580,505	− 190,488,529
ASSETS		
Government Securities	462,420,932	− 67,555,000
Advance & other Accounts	1,014,107,976	+ 246,002,948
Premises Equipment & other Secs.	724,167,566	− 371,201,077
Notes	15,551,835	+ 6,256,577
Coin	302,703	− 12,975
	2,565,580,505	− 190,488,529

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation	12,517,318,665	+ 103,743,423
Notes in Banking Department	12,781,335	+ 6,256,577
	12,530,000,000	+ 110,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	4,308,538,846	+ 660,098,369
Other Securities	8,215,446,054	− 550,098,369
	12,530,000,000	+ 110,000,000

COMPANY NEWS IN BRIEF

J. SMART & Co (Contractors) estimates that profits for year *ending July 31 1986 will be not* less than £1.33m (£1.28m), including the sale of investments totalling £185,000 (£306,903). Turnover is running at about last year's level of £12.07m. Interim dividend is 1.3p (1.2p) net. Directors expect to pay 3.45p (3.15p) final.

PHILIP HILL Investment Trust reports net revenue of £10.66m, against £9.54m, for the year to end-March 1986. Earnings per share were 10.98p (9.82p). The dividend total is 10.8p (9.65p), the final being 7.8p (6.65p). Net asset value per 25p share at year-end was 333.8p (303.4p) a year earlier).

ACE BELMONT International, caravan manufacturer, raised sales to £37.86m (£32.65m) in year to August 31 1985. Profits however, fell to £56,000 (£111,000) pre-tax. Company's shares all privately held.

WOODCHESTER INVESTMENTS, *leaser of business* equipment, raised gross revenue to I£7.33m (£6.5m) against *I£3.63m, and profits before tax* to I£1.58m (I£901,000) in year to March 31 1986. Earnings *amounted to 20.89p (13.06p)* basic and at 13.51p (10.98p) fully diluted. Directors say *prospects for growth* are "very encouraging."

WETTERN BROTHERS, which is involved in the preparation and distribution of construction *materials, reported pre-tax profits* for 1985 down from £94,000 to £87,000 on turnover lower at *£2.25m* (£2.49m). Earnings per share came out at 4.3p (5p) and the directors are recommending a *single final payment* of 1.15p (1p).

GREAT WESTERN Resources is paying an unchanged interim dividend of 1.43p gross, and not as stated in yesterday's edition.

UK COMPANY NEWS

Warning of profit fall wipes £23m off Process Systems

BY CHARLES BATCHELOR

THE SHARE price of Process Systems, the US manufacturer of electronic electricity meters, slumped yesterday after the company revealed that profits for the year ending June 30 would be below those of the past two years.

The company's shares fell 42p to 58p wiping £23.6m off the market value.

On March 17 Process Systems announced it was confident sales and earnings would be substantially higher than in 1984-85. About two weeks ago, however, it became apparent that unexpected delays would mean sales of three new products would be significantly below original expectations, it said.

The company now expects this year's sales to miss the original forecast of $22m to $24m by between $6m and $8m, Mr Lawson Hamilton, chairman and chief executive said.

Yesterday's dramatic revision of the company's forecast was accompanied by an announcement that Mr Hamilton, Mr Frank Hoff, vice president, sales and Mr William Turner, vice president, finance, had sold a total of 2m shares in their company at 101p each on April 7.

"It was an absolute muck-up that it was not announced at the time," Mr Hamilton said. "Our brokers, de Zoete & Bevan, informed buyers that it was directors who were selling and we assumed the required announcement had been made. It fell through the cracks. We discovered late yesterday as a result of doing validatory checks."

The main problem has arisen with a new fibre optic telephone which Process Systems developed for electric utility substations. The telephones won Federal Communications Commission approval in April but a number of regional telephone companies insisted on carrying out their own tests.

Process Systems first heard of the need for extra checks two weeks ago, Mr Hamilton said. The tests could take two to six months.

This set-back prompted the company to disclose problems in two other areas. Its 9500 central station is taking longer to develop than expected while a semi-electronic integrated meter recorder has run into mechanical problems after its launch. Sales will be delayed.

These developments have hit Process Systems particularly hard because it makes about half its sales in the last 10 weeks of its financial year, Mr Hamilton said.

In March the company announced that higher R and D general expenses had halved pre-tax profits at $538,000 in the six months ended December compared with $1.09m previously. In the previous two full years it made profits of $5.46m and $2.62m.

Further delay for Elders

BY DAVID GOODHART

THE CONTROVERSIAL £1.8bn bid by Elders IXL, the Australian company, for Allied-Lyons, the food and drinks group, has been delayed for at least another three months.

The bid was originally referred to the Monopolies and Mergers Commission last December 5 by the then secretary of state, Mr Leon Brittan, on the grounds that the highly leveraged financing deserved investigation.

Mr Brittan required the Commission to report by next June 4—the customary six month period. However it has now requested, and been granted, a three month extension to its reporting period.

No reason was given for the extension to September 4 but under section 70 of the Fair Trading Act the Secretary of State may allow one extension of not more than three months when representations are made by the Commission.

Since the original bid Allied has entered an agreement to acquire for £1.2bn the Hiram Walker spirits company. However, the new owners of Hiram Walker Resources— Olympia & York Developments—have stressed their opposition to the sale.

Abbey Life sale marks a significant milestone for ITT

Unravelling the patchwork quilt

BY ERIC SHORT IN LONDON AND PAUL TAYLOR IN NEW YORK

THE SALE of ITT's remaining Abbey Life stake represents a significant milestone in ITT's colossal divestiture programme —a programme which was accelerated at the start of last year and which has seen the sale of more than 90 companies generating proceeds of over $3.5bn (£2.35bn) since 1979.

The divestiture programme, undertaken by Mr Rand V. Araskog, ITT's chairman and chief executive who inherited a patchwork quilt of companies built up by Mr Harold Geneen, has been aimed at reducing debt and refocusing the New York-based multinational conglomerate on its core telecommunications and office equipment, high technology manufacturing and hotel and financial services businesses.

As part of this radical restructuring ITT has quit the food business, selling its Continental Bakeries subsidiary in late 1984 for $475m, sold its Grinnel Piping, Pennsylvania glass and its Eason oil businesses, scaled back its other natural resources operations, disposed of less profitable industrial companies and reduced its equity investments in a handful of foreign companies including Britain's STC group.

Many of the largest asset disposals have taken place since January last year when ITT announced that it was accelerating its asset redeployment and restructuring programme—in part to help quiet criticism on Wall Street of its sagging financial performance.

At that stage Mr Araskog announced a $1.7bn divestiture target to be accomplished "as quickly as practicable" in order to further reduce ITT's then heavy debt burden and provide for stronger sales and earnings growth in the future.

While ITT has hit a number of unexpected problems since then — in particular it was forced to quit the race to sell its System 12 digital telephone exchange switch in the US earlier this year — its new strategy remains essentially unchanged.

That strategy envisages ITT as a diversified services group, mainly comprising its finance, insurance, communications, and Sheraton hotel business — which together generated $9.68bn of ITT's $20bn in revenues and $343m of its $901m in operating income last year—playing a major role in ITT's growth plans.

In the US insurance business ITT's wholly-owned insurance subsidiary, the Hartford, is the seventh largest casualty insurer in the nation and one of the fastest growing life insurers.

However, ITT also made it clear that as part of its divestiture programme it planned to make selective sales in some of its overseas insurance operations.

ITT noted yesterday that the sale of its remaining 51.8 per cent stake in Abbey would push the total proceeds of the programme to around $1.9bn—well past the target set by Mr Araskog. Nevertheless, the group added that further selective divestitures are likely but noted that it had "no plans" to sell its remaining European insurance interests, comprising Excess Insurance in the UK and insurance companies in both West Germany and Holland.

ITT DISPOSALS

	No. of cos. disposed	Proceeds ($m)
1979-82	50	1,218
1983	11	126
1984	8	658
1985	23	1,455
Total	92	3,437

The $460m proceeds from the sale of its remaining stake in Abbey Life are likely to be used further to reduce ITT's debt and strengthen The Hartford's capital base.

In the interim the impact of the divestiture programme is already beginning to be seen both in ITT's balance sheet and on its bottom line net earnings.

ITT's total debt burden fell to $3.46bn at the end of last year from $3.62bn a year earlier and the group's debt to equity ratio has fallen from 43 per cent in 1979 to a more moderate 34.3 per cent at the end of 1985.

At the same time ITT's earnings have begun to hint at an underlying recovery.

Abbey Life Group, Britain's second largest linked-life concern, has been in the limelight since it was founded in 1961.

Under its present chairman and chief executive, Mr Michael Hepher, the company has reported some impressive growth figures in the past few years. This was reflected in its public flotation last June when the 135m shares offered, 48.2 per cent of the equity, were oversubscribed 19 times.

The group is now fully in the financial services sector, offering unit trusts and other savings products, besides linked-life and pension contracts. Total funds under management now exceed £2bn.

The group has always had a high degree of autonomy from ITT. However, Mr Hepher pointed out that now it was fully independent, it would have more financial flexibility and be able, if it wanted, to go on the acquisition trail on its own account.

Beyond stating that new business this year should exceed that of last year, he did not give any other forecasts for the present year.

M&G Group hits £6.6m and raises interim by 2p

THE M & G Group saw its revenue from unit trust management and related activities rise significantly in the six months ended March 31 1986 and for the period profits before tax surged from £4.8m to £6.6m.

Earnings improved by 47 per cent to 23.49p per 25p share and the interim dividend is being increased by 2p to 8p net. A scrip issue on a three-for-one basis is also proposed and the directors say they hope to pay a final of not less than 3p on the increased capital.

Turnover for the half year improved from £60.05m to £67.02m—the group is a unit trust manager.

Revenue from unit trust management and related activities pushed ahead by £2.8m to £10.89m but marketing and commission costs took £956,000 more at £3.59m and administration expenses £412,000 more at £2.91m. Operating profits from the sector came through at £4.39m, compared with a previous £2.96m.

The assurances activities saw profits from long term insurance business funds improve from £1.08m to £1.25m.

In all, group profits at the operating level improved from £4.04m to £5.64m, before adding in interest and investment income of £1.02m, against £777,000.

Tax accounted for £2.27m (£1.86m) and left net profits £1.42m ahead at £4.39m.

Sales of units for the half year totalled £149m with redemptions at £94m. These compared with £115m and £73m respectively for the first half of 1984-85.

● comment

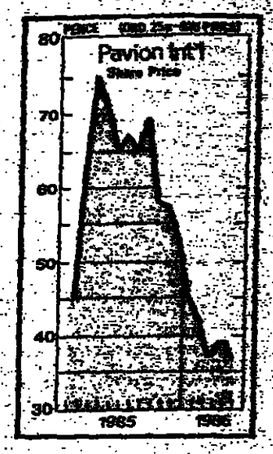
The City, if not M & G, clearly underestimated the public's appetite for unit trusts. The scale of profits growth within this set of results caught even the most optimistic of analysts unawares, fuelling a 70p surge in the share price to 880p yesterday. Although the emergence of the insurance companies in the unit trust sector has whittled away M & G's market share, from 11 to 10 per cent in the last year, the number of unit trust holders has continued to grow. The market climate of the six months from September to March could scarcely have been more bullish and both M & G's unit trust funds under management and its institutional portfolio have lapped up healthy growth. Meanwhile the insurance division increased estimated profits by 25 per cent. The pace of growth has prompted analysts to upgrade profit projections for the full year from £12m to £14m, producing a prospective p/e of 17.5. Although this rating appears generous, even by fund management standards, the share price may have further to go given that the scrip issue will impove M & G's marketability and that Kleinwort Benson may be tempted to release its 42 per cent stake.

Pavion up to £2.4m after year of change

AFTER 12 months of major upheavals Pavion International ended the year to February 28 1986 showing taxable profits of £2.41m on turnover of £43.89m, compared with £572,000 on £32.67m.

The company began the year known as Sangers with a full listing. Having acquired Pavion Cosmetics of New York for $24m in January it changed its name, abandoned its listing and joined the USM in June. It later sold two subsidiaries, Sangers Photographics and Stanelco.

Earnings per share came out at 4.8p (0.2p). The directors are not recommending the resumption of a dividend to help build up the distributable reserves. The fall in the dollar against the pound caused a swing of £2.88m in the exchange reserves representing the unrealised loss on the group's dollar assets.



Interest charges were £817,000 (£151,000 income) but there was a tax credit of £272,000 (£376,000 debit). There were also extraordinary credits of £1.25m (£64,000) being the net proceeds of the sale of Sangers Photographics and Stanelco.

The major contributor was Pavion which showed operating profits up from £709,000 to £5.31m. There was £382,000 (£695,000) from Sangers Photographics before its sale in November and a loss of £51,000 (£1,000 profit) from Stanelco up to its sale in January.

Bredero joins SE via 10m share offer

By William Cochrane

Bredero Properties, a commercial property developer which specialises in retail-based city and town redevelopment schemes, is coming to the London stock market via an offer for sale which will leave its present parent company, Verenigde Bedrijven Bredero NV of the Netherlands, in a minority position.

The offer is of 10,257,354 ordinary shares at 145p each, and includes an issue of 4,137,931 new shares to raise some £5.1m after expenses. This will leave VBB with a 49.5 per cent holding.

On the basis of a £2.8m pre-tax profit forecast for 1986, the offer values Bredero on a p/e ratio of 11.9 after an estimated actual tax charge, and 16.2 with tax charged at a notional 35 per cent rate.

The prospectus, which will be published next Monday, will also put Bredero on a prospective dividend yield of 4.1 per cent and a premium of 27 per cent to net assets of 114p a share.

See page 18

Sandhurst down at £1m as interest costs soar

HIGHER INTEREST charges have hit Sandhurst Marketing's results for the year ending January 31 1986. Second half pre-tax profits fell from £551,000 to £443,000, and the full year results were down from £1.57m to £1.05m.

Sandhurst, which is based in Sussex, supplies stationery and office equipment, and makes chemical products. Its turnover improved by 19 per cent to £29.09m (£24.42m), and an operating profit of £2.2m (£1.87m) was generated over the year.

Interest charges, less interest received and investment income, jumped from £304,000 to £1.14m. This relates to the new £4m office/warehouse complex at Horsham.

For this year the total dividend is increased from 1.201p to 1.242p with a higher final of 0.853p (0.812p). Net earnings per 10p share are shown down from 4.18p to 1.97p.

Tax took £354,000 (£460,000) and minorities £132,000 (£83,000). There were extraordinary credits of £614,000 (£84,000).

Kynoch improvement

For the half year ending February 28 1986 G & G Kynoch has reported pre-tax profits of £6,000, against £1,000 previously. In the year to August 1985 the company's profits rose from £91,000 to £126,000.

Further growth in exports resulted in a 17 per cent increase in sales during the six months, to £1.63m (£1.39m). Kynoch, a woollen cloth manufacturer, also improved the value of stocks of finished goods and work in progress from £220,000 to £283,000.

The interim dividend is maintained at 0.5p. A total of 1.5p was paid in 1984-85. The directors are confident that the results for the full year will show an improvement on the trading profit last time.

They state that bank borrowing has been contained at the year end levels, when in previous years a seasonal increase has occurred.

Tax was £7,000 (£1,000) to leave losses per share of 2.8p (0.6p).

UK COMPANY NEWS

Anthony Moreton looks at Tibbett & Britten

Listing for clothes carrier

JOHN HARVEY had spent 13 years on the board of SPD, Unilever's transport arm, when he achieved his ambition of moving into the chairman's seat at the end of 1982. Within months he had been asked by Unilever to sell-off the company.

"It was a traumatic time," he recalls. "In the early 1980s Unilever decided to revise its strategy and concentrate on pillar products in main areas. Transport was a natural to be hived off and within weeks of my move into the chief executive's seat I was asked to sell off the parts."

During most of his time with Unilever, Mr Harvey had also been on the board of Tibbett & Britten, a SPD subsidiary that was an obvious candidate for disposal since one of its divisions alone was running at a loss of £3m, in 1983.

"We knew though that it had a good core," Mr Harvey says, "so instead of just selling it off I gathered together four colleagues and, with the help of 3i, we bought it in a management buy-out."

That was 18 months ago, just before Christmas 1984, and Mr Harvey wil be bringing Tibbett & Britten, now one of the leading retail distributors of clothes, to the market for a full quote within the next four-six weeks.

Precise details of the issue have still to be worked out but employees will get preferential treatment. It is expected that between 25 and 30 per cent of the company will be sold, largely to pay for development on distribution centres, especially one for Marks and Spencer at West Thurrock in Essex.

The price will be pitched so that the prospective p/e is in the early 'teens for a market capitalisation of at least £30m.

At the moment, 3i has a quarter of the shareholding and Mr Harvey and four of his colleagues together with some senior management, the remaining 75 per cent.

Mr Harvey insists that Tibbett and Britten is not a haulage company even though its business is carrying goods. "We are a retail distributor, collecting goods from the manufacturer and getting them into the shops at pre-determined times. "This has become a very sophisticated business."

The distribution sector is traditionally based on the small man. There are probably 125,000 carriers in the country, with an average fleet size of four units and nine employees. (A unit is than 200 companies have more a tractor and trailer.) Fewer than 100 units; Tibbett and Britten has 500, with a workforce of 1,450 and 15 depots.

About 95 per cent of its business is moving clothes. Its customer list is peppered with many household names, including Marks and Spencer which

Between 1983 and 1985 a £1.2m loss was turned into a profit of £3m

accounts for 40 per cent of its £31m turnover—up 28 per cent between 1983 and 1985.

In the same period a loss of £1.2m has been turned into a profit of £3m.

"We have 800 manufacturers on our books," says Mr Harvey, "and we deal with another 1,200 on an occasional basis. These all face a relatively small number of large retailers, so the business of distribution has to align itself to the needs of the shop."

M and S employs Tibbett and Britten solely to handle its hanging garments, a growing part of the clothing trade and T and B has set up a separate division, Transcare, to handle that trade.

Hanging garments are goods such as coats, trousers, skirts, dressing gowns or some shirts which are put on hangers by the manufacturer, rolled onto the vans and then directly into the stores on rails.

The hanging set is also a unit of pricing and measurement of number and is to clothes what the pallet is to boxed goods. The system was started in Germany by a Dutch affiliate of Unilever and brought to the UK in 1968 to supply C and A.

Tibbett and Britten developed the idea to the point where it now sells the sets — a metal hanger holding perhaps a dozen coats—to other distributors and has adapted all its trailers to the specific need of packing the garments.

As stores such as M. and S., BHS, Woolworth and Mothercare seek to maximise in-store selling space, more responsibility falls on the distributor and manufacturer to produce the right amount of goods at the right times.

"The retailer wants consistency of arrival and therefore the increased use of sophisticated computer based information systems is essential. This is the big development of the 1980s. All the retailers are moving in the same direction and so control is increasingly in the hands of the distributor."

As shops seek to rely increasingly on distributors to handle goods it becomes increasingly important, according to Mr Harvey, to provide dedicated services—that is tractors and trailers, even depots, working solely for one customer. All M and S clothes carried by Tebbitt & Britten are in vehicles in the retailer's own green livery.

The next logical step is for the business to become international. "To make Tebbitt & Britten internationally known we have joined a consortium called the United Fashion Transport Group," says Mr Harvey. "We can now collect, consolidate and deliver goods on a European basis."

NOTICE OF MANDATORY REDEMPTION

SWISS ALUMINIUM AUSTRALIA LIMITED

US$35,000,000 8 per cent Guaranteed Bonds 1987

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Trust Deed dated 15th June, 1972 between Swiss Aluminium Australia Limited, Swiss Aluminium Limited and Rothschild Trust Company Limited, as Trustee, that US$3,500,000 nominal amount of Bonds is due for mandatory redemption on 1st July, 1986.

THE SERIAL NUMBERS OF THE BONDS DRAWN FOR REDEMPTION REPRESENTING US$3,500,000 PRINCIPAL AMOUNT ARE AS FOLLOWS:—

6	2446	4396	4820	5373	5627	7314	9122	10975	12454	14573	16135	22977	24201	24855	29132	29562	30009	30573	31341	31864	32243	32721	33251
7	2446	4397	4821	5361	5628	7333	9129	10979	12455	14574	16136	22978	24208	24856	29138	29564	30010	30578	31342	31872	32244	32722	33252
8	2449	4398	4830	5362	5831	7334	9130	10980	12456	14666	16137	23353	24210	24860	29139	29565	30011	30579	31343	31875	32245	32723	33253
9	2450	4399	4831	5363	5832	7335	9132	10996	12457	14667	16138	23355	24212	24861	29145	29566	30012	30581	31344	31881	32246	32726	33254
10	2451	4400	4832	5364	5845	7336	9133	10997	12458	14645	16139	23357	24213	24862	29148	29567	30013	30582	31345	31882	32247	32727	33255
11	2452	4401	4833	5365	5849	7339	9175	10998	12459	14649	16140	23361	24214	24865	29151	29578	30014	30583	31346	31883	32248	32728	33257
12	2484	4405	4840	5366	5850	7340	9207	10999	12462	14650	16141	23363	24217	24866	29153	29579	30015	30587	31359	31885	32249	32729	33258
13	2485	4408	4841	5399	5855	7343	9208	11070	12463	14721	16142	23365	24220	24868	29156	29580	30016	30591	31360	31886	32258	32745	33261
14	2486	4409	4842	5400	5857	7349	9209	11071	12464	14722	16143	23373	24221	24869	29165	29581	30017	30592	31361	31887	32259	32746	33262
15	2487	4420	4843	5401	5858	7366	9210	11072	12465	14723	16144	23380	24224	24880	29166	29591	30018	30593	31362	31905	32260	32747	33263
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1369	4177	4624	5158	5598	6313	8584	10440	12293	13415	15514	20439	23515	24359	28281	29365	29786	30304	30807	31720	32085	32486	32987	33417
1447	4178	4625	5159	5599	6314	8602	10441	12295	13416	15515	20440	23516	24360	28282	29366	29787	30305	30808	31722	32086	32498	32991	33426
1496	4185	4626	5168	5601	6320	8603	10442	12296	13417	15516	20441	23517	24361	28288	29375	29788	30307	30811	31723	32087	32499	32992	33427
1497	4192	4629	5173	5602	6321	8604	10448	12297	13418	15526	20442	23518	24362	28289	29376	29793	30308	30815	31727	32088	32500	32993	33432
1518	4193	4630	5174	5603	6341	8605	10449	12298	13419	15527	20443	23519	24363	28292	29383	29795	30309	30816	31728	32089	32509	32998	33434
1519	4197	4632	5175	5612	6342	8606	10450	12299	13420	15528	20444	23520	24364	28294	29384	29796	30314	30817	31729	32090	32510	32999	33435
1520	4198	4636	5179	5613	6343	8722	10451	12300	13423	15529	20445	23521	24365	28298	29386	29797	30315	30821	31736	32091	32511	33007	33441
1625	4199	4646	5180	5614	6346	8723	10452	12306	13424	15530	20446	23522	24366	28302	29395	29798	30317	30822	31737	32100	32512	33008	33443
1626	4206	4648	5181	5618	6347	8724	10453	12309	13425	15532	20447	23523	24367	28308	29401	29801	30323	30823	31739	32101	32513	33009	33444
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1679	4217	4650	5184	5623	6351	8738	10455	12311	13751	15536	20449	23525	24369	28311	29411	29813	30326	30835	31747	32103	32515	33012	33450
1680	4218	4651	5188	5624	6352	8739	10456	12312	13752	15537	21056	23526	24370	28313	29412	29815	30327	30837	31753	32108	32516	33014	33451
1727	4231	4655	5189	5629	6357	8740	10457	12313	13753	15543	21057	23527	24371	28319	29416	29816	30328	30838	31754	32114	32517	33015	33452
1728	4232	4656	5190	5630	6358	8741	10458	12314	13765	15550	21058	23530	24372	28326	29417	29818	30329	30839	31755	32119	32522	33021	34868
1729	4237	4658	5199	5637	6416	8742	10459	12317	13766	15551	21059	23742	24373	28327	29421	29821	30336	30840	31756	32120	32523	33022	34872
1730	4238	4659	5200	5638	6503	8790	10460	12318	13767	15552	21060	23743	24374	28331	29430	29825	30337	30847	31757	32122	32524	33023	34873
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1736	4243	4662	5204	5647	6505	8796	10469	12320	13790	15557	21448	23746	24376	28343	29434	29827	30342	30851	31759	32129	32534	33061	34894
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1738	4245	4664	5209	5649	6517	8815	10481	12327	13792	15559	21451	23752	24382	28351	29436	29829	30357	30853	31765	32138	32537	33118	34910
1747	4246	4665	5210	5650	6520	8816	10482	12328	13793	15560	22012	23755	24695	28357	29449	29830	30464	31155	31766	32137	32538	33119	34911
1748	4259	4673	5214	5651	6521	8817	10483	12329	13821	15567	22016	23756	24696	28358	29451	29833	30465	31157	31767	32138	32539	33120	34912
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2100	4268	4677	5225	5666	6533	8870	10492	12353	14203	15581	22023	23763	24711	28369	29457	29842	30476	31164	31772	32144	32550	33131	34919
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2105	4280	4684	5236	5685	6593	8892	10497	12358	14208	15586	22028	23781	24722	28399	29471	29855	30485	31184	31786	32159	32555	33149	34925
2157	4289	4685	5237	5687	6594	8895	10501	12359	14209	15587

Acquisitions boost Freshbake to £2.5m

Freshbake Foods Group, frozen food processor and distributor, reported almost doubled pre-tax profits on turnover up by 44 per cent in the year to the end of March 1986.

Mr John Taylor, chairman, says the figures reflect the group's restructuring, reorganisation and integration of acquisitions, the costs of which had interrupted profit growth in the previous year. The directors say the group is on course for continuing expansion both from organic growth and acquisition and are confident about the future.

Turnover rose from £66.27m to £95.65m, giving pre-tax profits of £2.53m against £1.27m. The figures include the results of Priory Farm Foods, which was acquired towards the end of the year, on a merger accounting basis and the comparatives have been restated.

Earnings per 5p share for this USM-quoted company came out at 6.11 (2.91p) and the dividend is raised to 1.9p (1.7p), with a proposed final payment of 1.3p (1.1p).

In the food manufacturing division, Freshbake Foods showed further growth in sales and improved efficiency particularly at the factories at Braintree, Essex, and Sittingbourne, Kent. During the year the company had to absorb costs of setting up the factory at Peterlee, County Durham.

McKellar Watt reported a turnround from losses before its acquisition in March 1985 to a profit of about £200,000 in the year under review.

Chef Foods, in the vegetable, fruit and fish division, achieved an increase of 33 per cent in sales and continued to increase its share of the own-label market, Mr Taylor says. It entered the chip market at a difficult time but has secured a strong foothold.

Wolverhampton Breweries ahead 21% at midway

A PROFIT GROWTH of 21 per cent and an increase in earnings of 29 per cent have been achieved by Wolverhampton and Dudley Breweries in the six months ended March 30 1986.

The chairman Mr E. J. Thompson says early indications for the current period are encouraging, and there is every expectation that earnings growth will be sustained.

Turnover in the March period rose 10 per cent to £54.09m while the trading profit advanced to £8.39m (£6.93m) and the pre-tax balance to £8.05m (£6.67m).

Mr Thompson says the result must be reckoned satisfactory against the background of grim trading conditions in the West Midlands and an overall decline in the UK beer market. It proves the policy of developing the Bank's, Hanson's and Harp brands, and of improving and expanding the group's retail presence.

Six public houses have been opened, and in new areas the long term task of building brands is under way.

After tax £3.07m (£2.8m) the net profit comes to £4.99m (£3.83m) for earnings of 15.4p (11.9p) per share. The interim dividend is lifted to 3.2p net, from 2.85p.

There are extraordinary credits of £2.02m (£260,000), relating to profit on disposals of properties and investments. Included is £2.6m pre-tax arising from the sale in February of the strategic investment in Davenports.

● comment

Wolverhampton & Dudley continues to defy the original gravity of a declining beer market by producing rollicking growth at the bottom line. Ale and lager volumes are ahead, mainly through the opening of new outlets, but the turnover advance has been limited by the disposal of some of the less appealing back-street pubs leaving the real excitement to come through at the margin. Here, Wolverhampton & Dudley is more frank than most in acknowledging the contribution of the £1 coin to growth in fruit machine takings, but it has also been helped by falling barley prices, efficiency improvements, an above-inflation price increase, and the higher prices it can charge for its beers in the new, more southerly, outlets. With the shares up 3p at 505p, the tax charge down to 38 per cent and £18.7m in sight for the year, the prospective p/e of 14 looks undemanding: at the present rate of growth, Wolverhampton & Dudley is building another Davenports every four years and if it should ever let up there is no protective shareholding to save it from a predator.

Richardsons Westgarth all-round improvement

SIGNIFICANT progress has been made by Richardsons Westgarth, the engineer and steel stockholder. In 1985 it cut its loss from £1.5m to £55,000, and since then has reduced its overdraft to £166,000 and agreed to sell the business of E. Gerald.

Between March 1984 and the end of 1985 the group reduced its overdraft from £6m to £1m. The further reduction is the result of the disposal of surplus property and a £960,000 refund of pension surplus.

A further substantial refund is expected following the proposals in the Budget. The group suspended pension fund contributions with effect from January 1 1985 and pension costs were reduced by £103,000 in the year.

E. Gerald (steel stockholder) will incur total losses in 1986 of some £400,000 and have a net cash inflow of around £500,000. The losses will be offset by extraordinary income of £368,000 expected on the liquidation of Humber Graving Dock and Engineering.

In 1985 group turnover came to £17.58m (£25.67m) and operating profit to £185,000 (loss £1.09m).

Extraordinary credits of £480,000 (£658,000) included the pension fund surplus, losses of £341,000 in respect of the sale of Eric C. Flower (plumbing contractor) at end July.

Edbro rises to £2.3m despite static markets

Despite generally static markets Edbro (Holdings), a Bolton-based engineer, saw its profits for the 1985-86 year improve by £100,000 to £2.3m pre-tax.

Sales pushed ahead from £20m to £20.8m and at the trading level profits emerged at £2.4m, compared with the previous year's £2.3m.

Earnings came through the same at 22p per 25p share but a final dividend of 5p (4.5p) raises the total from 6.5p to 7.5p net.

Tax of £500,000 (£360,000) left the net balance at £1.3m against £1.9m.

Electra Investment

Electra Investment Trust has lifted its earnings per share from 4.03p to 4.595p in the year ended March 31 1986 and is raising the dividend from 3.7p to 4.1p net, with a final of 2.3p (2p). Revenue came to £10.15m (£9.43m) subject to tax £3.3m (£3.44m).

Year-end asset value was 196.33p (167.86p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Common Brothers, Dobson Park Industries, Fulcrum Investment Trust, Nolton, PLM, Polly Peck, Reliant Motor, Richards, Scottish Investment Trust, WSL.

Finals: Bulmer and Lumb, Chamberlin and Hill, William Cook (Sheffield), Headlam Sims and Coggins, Hunting Group, TR Industrial and General Trust.

FUTURE DATES

Interim—	
McLeod Russel	June 5
Finals—	
Dominion International	June 9
EMAP	June 16
Great Northern Telegraph	July 1
Investment Company	June 3
Latham (James)	June 26

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FT LAW REPORTS

Digest of cases reported in Easter Term

FROM MAY 2 TO MAY 23 1986

Regina v Monopolies and Mergers Commission, ex parte Elders IXL Ltd (FT, May 2)

Elders supplied certain information concerning its financing arrangements to the Monopolies and Mergers Commission, at the latter's request, in the course of a takeover bid for Allied-Lyons plc. It now sought a judicial review of the decision of the commission's chairman to disclose the information to Allied, on the ground that it contravened the Fair Trading Act 1973 which allowed disclosure only "for the purpose of facilitating the performance" of the Commission's functions. In rejecting Elders' contention, Mr Justice Mann said that the Commission was correct in subordinating a perceived detriment to Elders to its judgment of how best to perform its statutory functions. There was no suggestion that the subordination was irrational or was done other than in good faith.

*

Investors in Industry Commercial Properties Ltd v Norwich City Council (FT, May 7)

When the appellant property company applied to Norwich Council to reduce the rates of an unoccupied office block, the issue came before a judge of the Crown Court who upheld the council's contention that he had no jurisdiction to hear the appeal. Section 7 of the General Rate Act 1967 which allowed an aggrieved party to appeal to the court of quarter sessions against "any neglect, act or thing done or omitted by the rating authority," and section 9 of the Courts Act 1971, which transferred the appellate jurisdiction to the Crown Court, furnished a complete answer to any contention based on ack of power to grant appropriate relief, the House of Lords stated. From the earlier times the legislation had conferred on the ratepayers the ver widest right of appeal that Prliament, in enacting the cosolidating legislation, had not nought fit to confine or restrict.

*

Jones and Another v Stroud District Council (FT, May 9)

In 1963 the predecessor in title to the Stroud District Council passed plans for the building of a buse for which the foundations were inadequate. Thi resulted in substantial settlement and consequent damge in 1976-77. However, the writ against the council was issued only in 1981 after the printiffs, the then occupiers, hd sold the house. At first instace, the judge held that the laim was statute-barred. In allowing the plaintiffs' appea, Lord Justice Neill stated tha until the condition of the poperty gave rise to danger tc the health or safety of persons on the premises no breach of thi duty of care had taken place nd accordingly no cause of action had arisen.

*

In re the Coca-Cola Company (FT, May 8)

Section of the Trade Marks Act 1938 llows the proprietor of a trade mark to register the mark prvided it is "adapted . . . to distinguish" his goods. However the House of Lords stated s upholding the Registrar's refusal to register the Coca-Cola bottle with its distinctiv shape as a trade mark, it wa not sufficient for the bottle to be distinctive. The company had to succeed in the propsition that a bottle was a trade mark. If so, then any othe container or article of distnctive shape was capable of being a trade mark. The wrd "mark," in its normal meaning and in its statutory dinition in section 68 (1) of the Act, was apt only to escribe something which distinguished goods rather than the goods themselves. A bottle was a container, not a mark.

*

Sauter Automation Ltd v H. C. Goodman (Mechanical Services) Ltd and Another (FT, May 14)

A clause of a building contract stated that under "the terms and conditions" of the contract, everything brought on to the site by the subcontractor for incorporation would vest in the main contractor. The subcontractor supplied a control panel for a boiler system at Windsor Castle, subject to its own conditions of sale which included a retention of title clause. The main contractor went into liquidation and the subcontractor sought interlocutory relief which would restrain the liquidator from disposing of the equipment or would appropriate an identifiable sum from the proceeds of any sale. Mr Justice Mervyn Davies upheld the liquidator's contention that the words "terms and conditions" of the main contract clearly implied that the order was an offer to contract on those terms, including the vesting condition which the subcontractor had accepted when he delivered the equipment.

*

International Press Centre v Norwich Union (FT, May 16)

Norwich Union obtained a lease on a site in the City subject to erecting a building "in a good, substantial and workmanlike" manner. It granted an underlease on the building "in accordance with the covenants . . . in the building lease." The sub-tenant undertook to keep the premises in good repair. Norwich Union contended that the sub-tenant could not claim for the cost of remedial works as damages on the ground that its own obligation in the main agreement ceased to have effect on the grant of the under-lease. In rejecting this contention, the Official Referee stated that there was no prima facie reason why Norwich Union's obligation in the main agreement should not survive as a collateral stipulation to the under-lease.

*

Reed v Young (FT, May 20)

When Mrs Young became a partner in a limited partnership, she paid £10,000 capital contribution which constituted the agreed limit of her liability for the partnership's debts and obligations. Also under the agreement, she was entitled to bear the same proportion of her losses as her capital contribution bore to the partnership's total capital. Over two years, her proportion of these losses totalled £41,423 which she set off against her other income for the tax period. In dismissing the Revenue's appeal that her "loss" could be no greater than her capital contribution, the House of Lords held that a partner's right, under section 168 of the Income and Corporation Taxes Act 1970, to claim relief for trading losses bore no necessary relationship to the proportion he might be liable to contribute towards the firm's debts.

*

Dews v National Coal Board (FT, May 21)

Mr Dews was awarded damages for a period when he was off work due to an accident in circumstances for which his employers, the NCB, were held responsible. The question with which the Court of Appeal was concerned was whether these damages should include the contributions Mr Dews would have made to a compulsory pension scheme had he received his wages. In allowing the NCB's appeal against a decision at first instance that he was entitled to have the contribution plus interest taken into account in the assessment of damages, the court stated that the loss Mr Dews had suffered was of disposable income for which he had already been compensated. He had not lost the amount which would have been deducted from his wages as pension contribution because that sum would never have been at his disposal.

*

Speedlink Vanguard v European Gateway (FT, May 23)

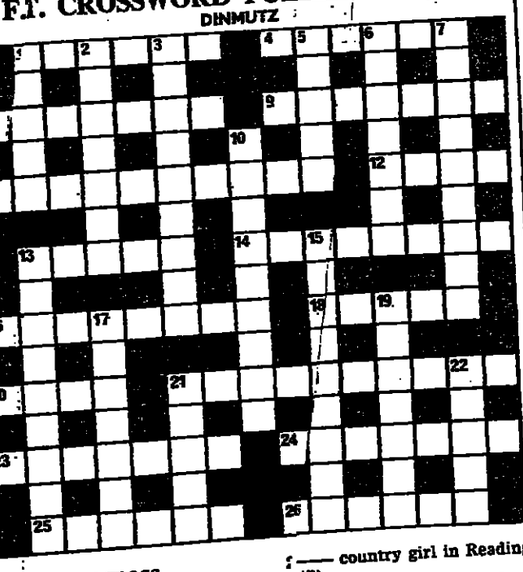
In a formal investigation under the Merchant Shipping Act 1894 into a collision between two ships, European Gateway and Speedlink Vanguard, the court of formal investigation held that the master of European Gateway was largely to blame. In subsequent litigation as to liability the owners of Speedlink Vanguard pleaded issue estoppel, viz., that the issues had already been decided between the parties by a court of competent jurisdiction, and could not thus be re-litigated. In deciding the preliminary issue against Speedlink Vanguard Mr Justice Steyn held that apart from a limited disciplinary function, the court of formal investigation fulfilled a purely investigatory function and not a judicial one.

This concludes the digests for the Easter Term. The law reports will be resumed next Tuesday.

By Aviva Golden

F.T. CROSSWORD PUZZLE No. 6,034

DINMUTZ



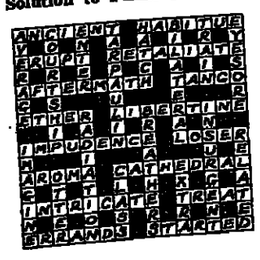
ACROSS

1 Subject, with an accent, would be a revelation (6)
4 University cloak, perhaps, at one's disposal (6)
8 Smoke that produces carbon and damages hooter (7)
9 Try X for cheer (7)
11 is his freedom of the city limited to Saturdays? (10)
12 Mansfield, perhaps, to win without a centre (4)
13 Ragout taken from colossal microwaves (5)
14 Tin basin re-made as pot (9)
16 One fated, perhaps, to be unappreciative of Bsh (4-4)
18 Tribes from Devon and Exeter, say (5)
20 Large jug we returned with a sovereign (4)
21 Prawn dish 'e cooker in Septimus Harding's office (10)
23 Showy violinist who uses highest positions? (7)
24 Drink heavily in salon by the river (7)
25 Bitterness involves men with it at Yard (6)
26 Inventor unaffected in retirement? (6)

DOWN

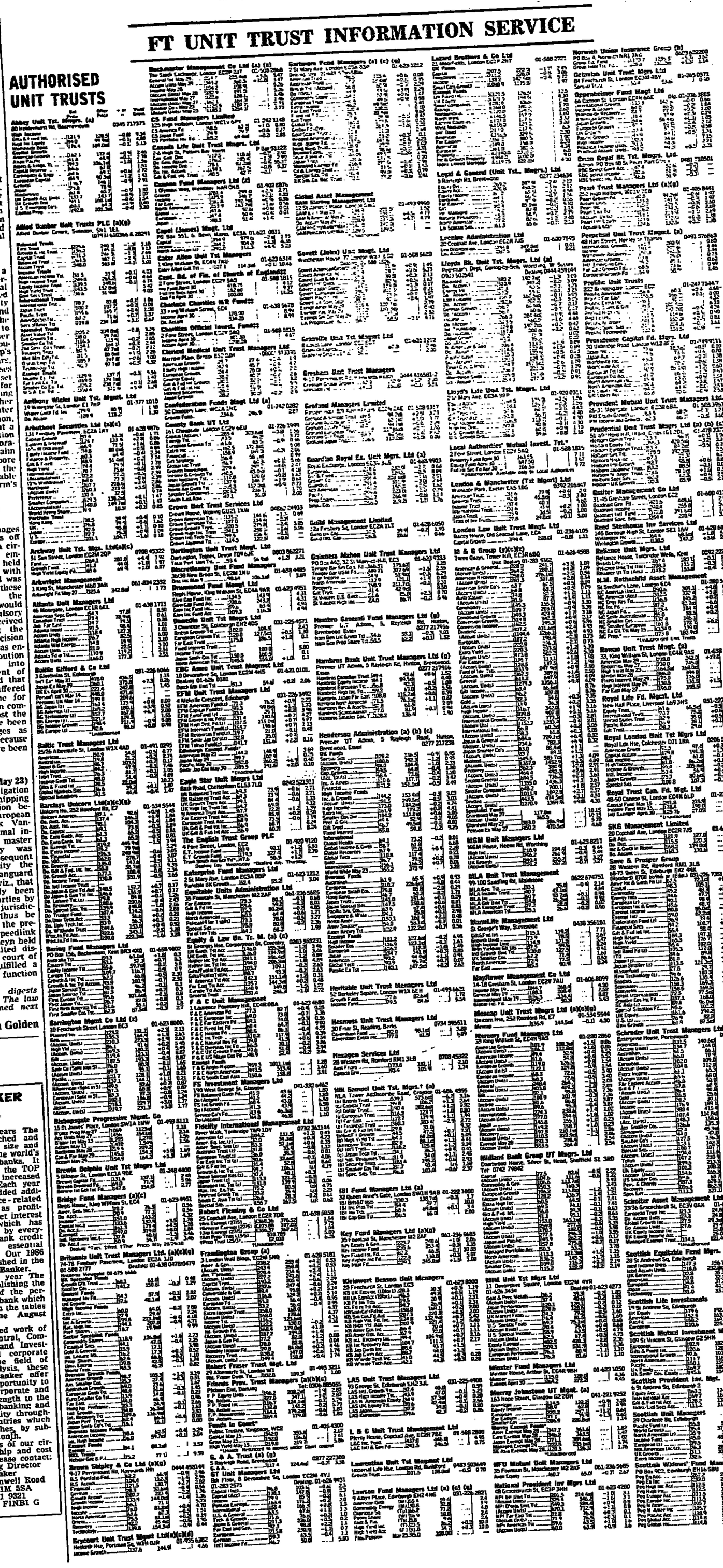
1 The Spanish take in the girl —— (5)
2 —— country girl in Reading (7)
3 Rough shoe-liner walked on by beachcomber? (9)
5 Violinist furthest from the bow? (5)
6 Capital investment for father (7)
7 High woolly bloomers of wise Leeds characters? (9)
10 Does it send out a note for a farmworker? (9)
13 Immaculate miners' leader animated? (4-5)
15 Nanny Ma insured (convertibly) (9)
17 Home's home ground? (7)
19 People collecting habits (7)
21 Serial, we hear, of women with passion (5)
22 His doll's house is for play (5)

Solution to Puzzle No. 6,033



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS



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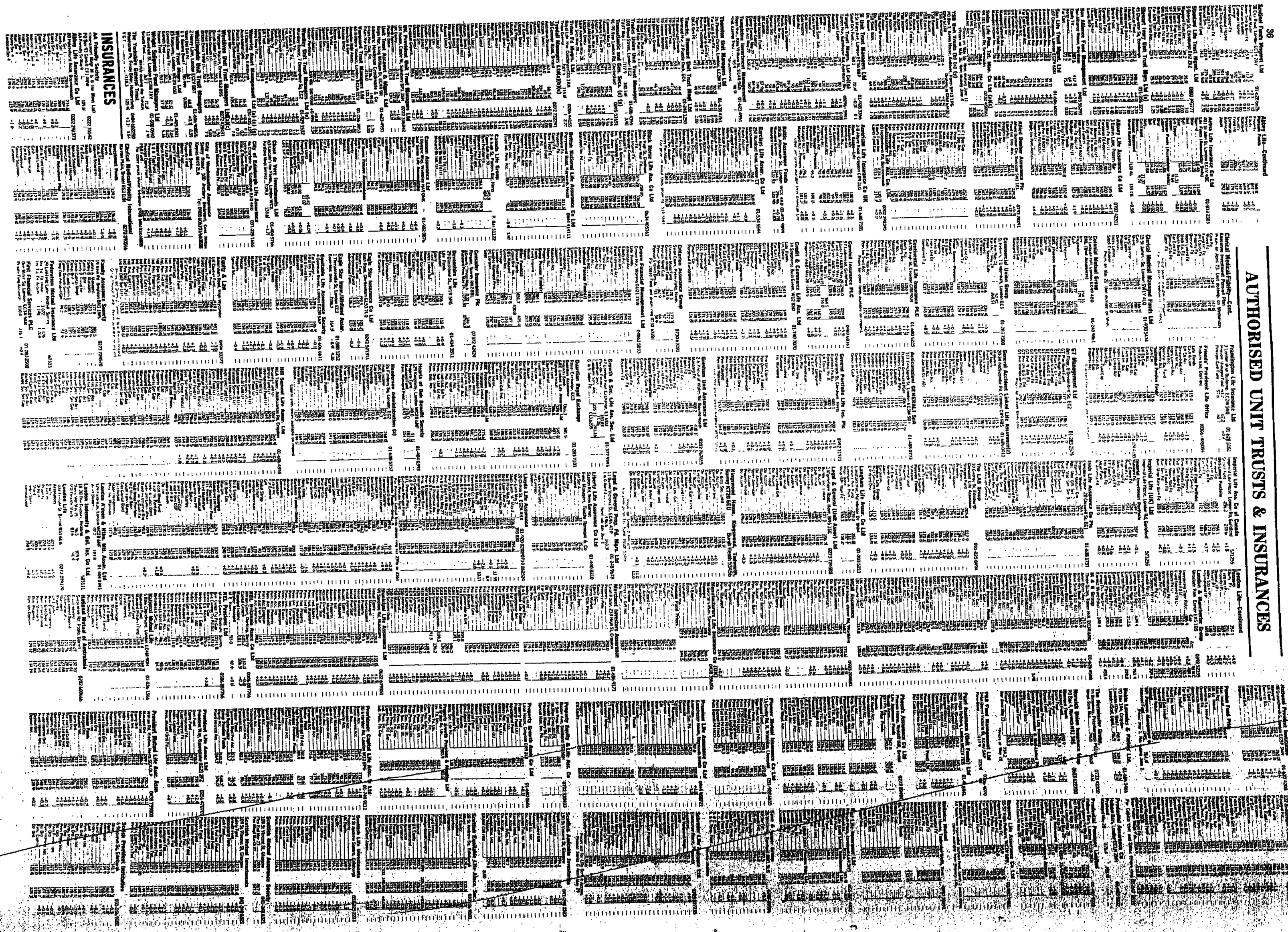

INSURANCE, OVERSEAS & MONEY FUNDS

Money Market Trust Funds

Money Market Bank Accounts

OFFSHORE AND OVERSEAS

TRADITIONAL OPTIONS

3-month call rates

NOTES

Notice of Redemption

MOTOROLA, INC.

12¼% Notes due December 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated December 15, 1984 between Motorola, Inc. (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 6(a) of the above-captioned notes (the "Notes"), the Company has elected to redeem $45,000,000 principal amount of Notes on July 1, 1986 (the "Redemption Date"). The redemption price shall be 101% of the principal amount of such Notes together with accrued interest (the "Redemption Price") to the Redemption Date. Warrants to purchase a like amount of 12% Notes of Motorola, Inc. due December 15, 1994 have been exercised.

On and after the Redemption Date, the Redemption Price will be paid upon presentation and surrender of the Notes to be redeemed, together with the December 15, 1986 coupon and subsequent coupons attached.

Accrued interest to the Redemption Date will be paid in the amount of $333.47 per Note. On and after the Redemption Date interest shall cease to accrue unless the Company shall default in the payment of the Redemption Price.

The numbers of the Notes to be redeemed, bearing the prefix R, are set forth below:

The numbers of the Notes to be redeemed, bearing the prefix R, are set forth below:

| | | |

(Continued from the preceding page)

12171	12406	12662	12906	13151	13355	13599	13838	14080	14305	14539	14776	
12172	12405	12663	12910	13153	13357	13600	13839	14084	14306	14542	14777	
12174	12412	12664	12911	13154	13358	13604	13841	14085	14307	14543	14778	
12175	12413	12665	12912	13158	13359	13605	13842	14089	14308	14544	14779	
12176	12412	12666	12913	13156	13360	13606	13844	14092	14310	14545	14780	
12177	12414	12669	12914	13159	13362	13607	13845	14093	14311	14546	14781	
12179	12415	12671	12916	13160	13367	13608	13847	14094	14312	14547	14784	
12180	12416	12674	12917	13162	13368	13609	13849	14095	14314	14549	14786	
12181	12417	12675	12918	13163	13367	13610	13850	14096	14315	14551	14789	
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12184	12422	12679	12925	13168	13370	13618	13853	14105	14318	14556	14796	
12185	12423	12680	12928	13169	13371	13617	13854	14106	14319	14557	14797	
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12195	12428	12692	12937	13161	13382	13624	13861	14114	14329	14572	14817	
12196	12432	12696	12940	13164	13384	13627	13862	14115	14330	14573	14818	
12197	12444	12698	12941	13165	13387	13628	13864	14117	14331	14575	14820	
12225	12445	12699	12942	13167	13389	13630	13865	14121	14332	14576	14821	
12226	12446	12700	12943	13169	13393	13632	13866	14123	14333	14577	14822	
12228	12448	12701	12944	13170	13394	13633	13867	14124	14334	14579	14823	
12227	12456	12702	12946	13171	13401	13634	13870	14125	14335	14580	14826	
12228	12461	12703	12947	13173	13402	13636	13871	14128	14336	14583	14827	
12232	12464	12706	12948	13175	13404	13637	13872	14129	14337	14584	14828	
12234	12467	12707	12950	13176	13407	13639	13874	14130	14339	14585	14829	
12237	12472	12709	12952	13177	13408	13640	13876	14131	14340	14586	14830	
12219	12471	12710	12953	13178	13409	13641	13877	14133	14341	14587	14831	
12220	12470	12711	12954	13180	13410	13642	13878	14136	14342	14588	14832	
12221	12472	12713	12957	13181	13411	13647	13880	14137	14343	14589	14834	
12222	12474	12714	12960	13182	13412	13651	13881	14138	14344	14590	14835	
12223	12475	12715	12961	13183	13413	13653	13882	14139	14346	14594	14836	
12224	12477	12716	12962	13184	13416	13655	13887	14141	14348	14595	14838	
12225	12479	12719	12963	13185	13417	13656	13891	14143	14349	14596	14840	
12227	12473	12722	12964	13186	13418	13658	13892	14144	14350	14598	14842	
12229	12463	12723	12966	13188	13420	13659	13895	14145	14353	14599	14845	
12228	12461	12726	12967	13189	13421	13661	13897	14146	14352	14601	14847	
12230	12462	12728	12969	13190	13424	13664	13898	14148	14353	14602	14849	
12232	12464	12731	12970	13192	13425	13665	13900	14150	14354	14603	14851	
12234	12465	12733	12971	13194	13426	13666	13902	14152	14356	14604	14852	
12235	12468	12737	12973	13196	13427	13668	13903	14153	14357	14605	14853	
12237	12469	12738	12975	13197	13428	13671	13904	14155	14358	14607	14854	
12238	12461	12740	12976	13198	13431	13673	13905	14156	14359	14609	14856	
12240	12467	12743	12977	13199	13433	13674	13906	14158	14361	14610	14857	
12241	12454	12745	12978	13200	13435	13677	13907	14159	14362	14611	14858	
12242	12498	12747	12977	13201	13436	13679	13912	14160	14363	14612	14859	
12243	12552	12749	12978	13202	13438	13680	13913	14161	14365	14614	14860	
12244	12554	12749	12979	13203	13439	13682	13915	14164	14366	14615	14861	
12246	12555	12750	12980	13206	13441	13683	13916	14166	14367	14616	14863	
12249	12609	12751	12981	13209	13442	13687	13917	14167	14371	14618	14864	
12250	12610	12752	12983	13210	13443	13688	13918	14168	14372	14619	14866	
12253	12611	12755	12984	13211	13444	13690	13920	14169	14373	14620	14868	
12254	12512	12756	12987	13212	13445	13691	13922	14170	14377	14621	14869	
12256	12514	12759	12988	13215	13446	13692	13924	14172	14378	14625	14871	
12257	12515	12760	12989	13216	13447	13693	13925	14175	14379	14627	14872	
12258	12517	12764	12990	13217	13448	13695	13927	14177	14380	14628	14873	
12259	12518	12765	12991	13218	13449	13696	13929	14178	14381	14629	14874	
12260	12519	12763	12992	13219	13450	13697	13930	14179	14384	14630	14875	
12262	12520	12770	12993	13220	13451	13698	13931	14180	14385	14632	14878	
12263	12521	12771	12994	13221	13453	13699	13932	14182	14386	14637	14879	
12266	12525	12773	12995	13223	13457	13701	13935	14184	14388	14640	14880	
12268	12526	12774	12997	13224	13459	13702	13936	14185	14390	14641	14881	
12269	12528	12776	12998	13227	13460	13703	13937	14186	14393	14643	14882	
12270	12530	12778	12999	13228	13461	13708	13938	14187	14397	14645	14883	
12271	12531	12779	13000	13229	13463	13709	13941	14188	14398	14646	14885	
12274	12533	12780	13001	13230	13465	13710	13942	14189	14399	14647	14886	
12276	12534	12781	13003	13231	13466	13711	13945	14190	14401	14649	14887	
12277	12535	12782	13004	13232	13468	13712	13946	14191	14402	14650	14888	
12278	12536	12785	13005	13233	13470	13714	13947	14192	14404	14651	14891	
12279	12538	12786	13007	13234	13473	13715	13948	14194	14405	14652	14892	
12280	12539	12787	13008	13235	13472	13717	13950	14198	14408	14653	14893	
12283	12540	12788	13010	13239	13475	13721	13951	14199	14409	14655	14894	
12285	12541	12789	13011	13241	13484	13723	13952	14205	14411	14656	14895	
12287	12542	12790	13012	13242	13486	13726	13953	14206	14413	14658	14896	
12288	12545	12791	13013	13243	13487	13728	13954	14207	14414	14659	14897	
12289	12546	12792	13015	13244	13489	13729	13955	14208	14417	14660	14898	
12290	12547	12794	13016	13245	13490	13730	13956	14209	14419	14661	14899	
12292	12549	12795	13017	13247	13491	13731	13957	14210	14420	14663	14900	
12293	12553	12796	13018	13249	13492	13732	13958	14211	14421	14664	14902	
12294	12554	12798	13020	13250	13493	13733	13959	14213	14423	14666	14903	
12296	12555	12800	13021	13251	13494	13735	13960	14214	14426	14667	14904	
12297	12556	12801	13022	13252	13496	13736	13961	14215	14429	14668	14906	
12300	12558	12804	13023	13255	13500	13737	13963	14216	14430	14671	14907	
12301	12559	12805	13024	13256	13502	13739	13966	14217	14432	14673	14910	
12303	12560	12806	13026	13258	13503	13740	13967	14218	14433	14677	14912	
12304	12564	12809	13027	13259	13504	13742	13970	14221	14435	14682	14915	
12308	12565	12811	13028	13260	13505	13743	13972	14222	14436	14683	14916	
12310	12566	12812	13033	13262	13506	13745	13973	14223	14438	14686	14917	
12312	12567	12815	13035	13264	13507	13748	13976	14224	14445	14689	14918	
12314	12568	12816	13036	13265	13508	13749	13978	14226	14447	14690	14919	
12316	12569	12819	13037	13266	13513	13750	13979	14228	14450	14691	14920	
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12319	12572	12822	13041	13268	13519	13755	13986	14230	14452	14693	14924	
12321	12573	12823	13042	13270	13521	13756	13988	14231	14453	14694	14925	
12322	12574	12824	13043	13271	13523	13758	13992	14232	14454	14696	14926	
12323	12576	12825	13051	13272	13524	13759	13995	14234	14456	14697	14927	
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12329	12585	12832	13057	13278	13531	13764	14003	14238	14462	14701	14932	
12331	12586	12833	13059	13280	13532	13766	14004	14240	14463	14702	14933	
12332	12588	12834	13060	13283	13533	13768	14007	14243	14465	14703	14934	
12337	12589	12835	13061	13289	13536	13769	14008	14244	14469	14704	14935	
12340	12590	12837	13062	13291	13537	13771	14009	14246	14470	14708	14936	
12342	12591	12838	13065	13292	13538	13773	14010	14247	14471	14710	14937	
12344	12594	12840	13067	13293	13539	13774	14011	14248	14473	14712	14938	
12345	12595	12842	13068	13294	13540	13777	14012	14249	14475	14715	14941	
12346	12596	12843	13069	13298	13541	13778	14014	14250	14476	14716	14944	
12347	12597	12844	13070	13300	13542	13779	14015	14253	14479	14720	14947	
12348	12598	12845	13071	13301	13543	13780	14017	14254	14481	14721	14948	
12349	12600	12847	13072	13303	13546	13781	14019	14257	14482	14723	14949	
12351	12601	12850	13073	13304	13547	13782	14020	14258	14483	14727	14953	
12352	12602	12851	13076	13305	13548	13783	14021	14259	14484	14728	14954	
12353	12603	12852	13079	13306	13549	13784	14024	14260	14486	14729	14955	
12356	12604	12853	13081	13307	13550	13785	14025	14262	14488	14730	14956	
12357	12605	12854	13084	13308	13552	13786	14027	14263	14489	14731	14957	
12359	12607	12857	13087	13309	13553	13787	14028	14264	14490	14733	14958	
12360	12608	12858	13088	13310	13554	13788	14033	14265	14491	14734	14959	
12361	12610	12861	13089	13312	13556	13791	14035	14267	14492	14735	14961	
12363	12612	12863	13090	13313	13556	13792	14036	14268	14493	14736	14963	
12364	12615	12864	13092	13314	13559	13795	14037	14270	14494	14738	14967	
12365	12618	12865	13094	13315	13560	13796	14038	14271	14496	14740	14968	
12366	12623	12866	13096	13316	13561	13797	14039	14273	14497	14741	14972	
12367	12624	12867	13097	13318	13562	13799	14042	14274	14498	14742	14973	
12368	12625	12869	13098	13319	13563	13800	14043	14275	14499	14745	14976	
12371	12628	12870	13099	13322	13564	13801	14044	14276	14500	14748	14977	
12372	12629	12872	13100	13323	13565	13802	14046	14277	14502	14749	14978	
12374	12631	12874	13101	13325	13569	13803	14047	14278	14505	14750	14979	
12376	12633	12875	13102	13327	13570	13805	14049	14279	14506	14751	14980	
12378	12634	12876	13103	13328	13571	13809	14050	14280	14510	14752	14981	
12382	12635	12877	13104	13329	13572	13811	14053	14282	14513	14754	14983	
12383	12636	12878	13107	13332	13573	13812	14055	14283	14514	14755	14984	
12385	12637	12879	13108	13333	13575	13815	14056	14287	14515	14756	14986	
12386	12638	12881	13109	13335	13577	13816	14059	14288	14517	14759	14988	
12387	12640	12884	13110	13336	13578	13817	14060	14289	14519	14760	14989	
12388	12641	12886	13112	13337	13579	13820	14061	14290	14520	14761	14992	
12389	12642	12887	13113	13341	13580	13821	14062	14291	14522	14763	14993	
12390	12645	12888	13115	13342	13581	13822	14063	14292	14525	14765	14994	
12391	12648	12889	13116	13345	13583	13823	14064	14293	14526	14766	14995	
12392	12650	12890	13117	13347	13584	13827	14065	14294	14527	14767	14997	
12394	12654	12892	13118	13348	13588	13829	14066	14296	14528	14769	14998	
12396	12655	12896	13119	13349	13590	13830	14071	14297	14530	14771	14999	
12398	12656	12897	13123	13350	13592	13831	14072	14298	14532	14772		
12400	12657	12898	13124	13351	13593	13832	14074	14299	14535	14773		
12401	12659	12901	13125	13353	13595	13834	14075	14300	14536	14774		
12402	12660	12904	13130	13354	13596	13835	14076	14302	14538	14775		

Notes are required to be presented and surrendered for redemption at any of the following paying agencies:

The Chase Manhattan Bank, N.A.
London Branch
Woolgate House, Coleman Street
London EC2P 2HD
England

Chase Manhattan Bank
Luxembourg S.A.
47 Boulevard Royal, CP 240
Luxembourg, Luxembourg

Nederlandse Creditbank, N.A.
Herengracht 456
Amsterdam, The Netherlands

Banque de Commerce, S.A.
Main Office
51/52 Avenue des Arts
B-1040 Brussels, Belgium

Chase Manhattan Bank
(Switzerland)
Genferstrasse 24
Postfach 162
8027 Zurich
Switzerland

Berliner Handels-und
Frankfurter Bank
10 Brockeheimer Landstrasse
Frankfurt, West Germany

Société Générale
29 Boulevard Haussman
Paris, France 75009

Coupons which have matured prior to the Redemption Date should be detached, presented and surrendered for payment in the usual manner.

MOTOROLA, INC.
By The Chase Manhattan Bank
(National Association)

May 29, 1986

APPOINTMENTS

Dun & Bradstreet managing director

Mr Keith Williams has been appointed managing director of DUN AND BRADSTREET (UK). He joined in 1957. He is also a senior vice-president with Dun and Bradstreet International. Mr Williams started his career at Dun and Bradstreet, working with UK company. In 1974 he was made general sales manager and in 1980, as director of business information group, he oversaw the initial computerisation of its UK business database.

★

LINK 51, part of Wagon Industrial Holdings, has appointed **Mr D. E. Poyner** as managing director. He was financial director.

★

J H MINET & CO has appointed **Mr Dominic Smyth** as a divisional director of the fine arts and jewellery division.

★

Mr G. A. Adkin, a director of J N NICHOLS (VIMTO), is to become non-executive chairman of the Manchester-based soft drinks group on the retirement of **Mr Peter Nichols** in June. Mr Adkin is a director of the British and Commonwealth Shipping Company, which has a substantial stake in the Nichols organisation.

★

Mr Richard V. Craig has been appointed a joint chairman and **Mr Stephen F. Stonhill** a director of BRADSTOCK BLANCH.

★

Mr B. H. Chamberlain has retired as chairman of JAMESONS CHOCOLATES. **Mr B. J. B. Greig**, previously joint deputy chairman, has become chairman.

★

Following the recent acquisition by W S MOODY HOLDINGS of Hinton Hill Group **Mr J. John Shaw**, chairman of Hinton Hill Group, joins the board of W. S. Moody Holdings as deputy chairman; **Mr William S. Moody** joins the board of Hinton Hill Group and is appointed chief executive; **Mr Douglas A. R. May**, **Mr John W. Pendleton** and **Mr John E. Sandifer** have been appointed to the board of Hinton Hill Group.

★

OCEANEERING INTERNATIONAL SERVICES has appointed **Mr Graham Mills** to technical director. Mr Mills, who has been with the underwater topside contractors for the last five years, was previously technical manager responsible for the underwater inspection department, the advanced work systems (ROV and ADS) division, the computer systems development group and the engineering R & D group. He will retain these responsibilities, together with the welding and repair division and the quality assurance department.

★

Mr Bo Harald, UNION BANK OF FINLAND'S London branch general manager, will move to Finland to take up a new post on the board from June 7. **Mr Antti Pertiu** will succeed him as general manager. Appointed assistant general managers from June 1 are **Mr Lennart Engstrom** (credits) and **Mr Peter Holloway** (foreign exchange and treasury); as senior managers: **Mr Harri Valkonen** (administration and marketing), **Mr Enrique Bacalao** (specialist credits), and **Mr Warwick Salvage** (treasury); as manager: **Mr Eira Palin-Lehtinen** (corporate finance).

★

APV HOLDINGS has elected **Mr D. B. Hefner** and **Mr E. H. Sharp** to the board. Mr Hefner is president of APV Crepaco in the US, APV's largest subsidiary. Mr Sharp is a director of Unigate, the House of Fraser, and other companies.

★

The PENINSULAR & ORIENTAL STEAM NAVIGATION COMPANY has appointed **Mr K. St Johnston** to the board. He is chairman of Overseas Containers.

★

Mr Rob Dickins, chairman and managing director of WEA Records UK, is to be the next chairman of the BRITISH PHONOGRAPHIC INDUSTRY as successor to **Mr Maurice Oberstein**, chairman and chief executive officer of Polygram Leisure.

★

HOBART BROTHERS (GREAT BRITAIN) has appointed **Mr H. F. Rozeman** and **Mr M. Pender** to the board.

★

Mr Jeff Fanstone, managing director of Wiggins Homes, has been appointed to the main board of the WIGGINS GROUP.

★

Mr John Knowles has been appointed managing director of MBM TECHNOLOGY following the retirement of **Mr Arthur Mole**. Mr Knowles was divisional manager for Ameico Hydrospace.

★

The BRITISH SPORTS & ALLIED INDUSTRIES FEDERATION has elected **Mr David Gower** of Freewheeler Leisure Products as president, and **Mr Michael Lowy**, Unicorn Products, vice president.

Baxendell joins Sun Life of Canada

Sir Peter Baxendell has been appointed a director of the main board of SUN LIFE ASSURANCE COMPANY OF CANADA. Sir Peter, a director of the "Shell" Transport and Trading Company, the Shell Petroleum Company and Shell Petroleum, recently also became chairman of the Hawker Siddeley Group. In addition, he is a member of the board of Inchcape. He was also a director and chairman of Shell Canada from 1980 until 1985.

★

WHITEGATES ESTATE AGENCY, Bradford-based subsidiary of the Provident Financial Group, has appointed **Mr David Bromage** as executive director with responsibility for the Yorkshire division and **Mr Ian Wilkie** as executive director with responsibility for the East Midlands and franchise divisions plus head office administration.

★

MASSEY-FERGUSON tractors and farm equipment division has appointed **Mr Wilfried Sander**, director, purchasing, to the new post of director parts sales and marketing. He is succeeded by **Mr Paul Jobson**, who was director business and product planning.

★

Mr Stephen Downer has been appointed finance director of ICA EUROPE. He joins from Opus Funding.

★

Mr Russell Kempton, chairman of T W. Kempton, Leicester, is the new president of MAILLEUROP, the pan-EEC knitters' Federation. He is only the second Briton to hold this office.

★

Mr Derek Wiggins, managing director of Plastico, has been elected chairman of THE BRITISH DISPOSABLE PRODUCTS ASSOCIATION for a two-year term.

Investor relations post at NatWest

NATIONAL WESTMINSTER BANK has appointed **Mr Warren Stokes** as senior executive, investor relations. He is believed to be the first full-time investor relations executive of a UK clearing bank and will be responsible for coordinating and developing the flow of information about NatWest Group to investors and the financial community. He was previously senior executive, EEC affairs, for NatWest.

★

Mr William E. Holt (previously group legal director of British Vita) has joined ALSOP STEVENS in Manchester.

★

Mr Timothy Sallitt, director of Hawker Siddeley Group, has been appointed a member of the EXPORT GUARANTEES ADVISORY COUNCIL.

★

Mr John G. Plackett has been appointed president of KRAFT EUROPE, a division of Kraft Inc. He was president of Duracell. **Mr Peter Schatz** is appointed president of DURACELL EUROPE. Both Kraft and Duracell are part of Dart and Kraft Inc., US.

★

Mr David Linnell has been appointed chairman of WOLD, Grimsby. He was chief executive of Linfood Holdings until his resignation in 1981. Since 1981 he has been chairman of the Egg Authority and formed Neighbourhood Stores which is now a wholly-owned subsidiary of Guinness. **Mr Peter Silvester** has resigned as chairman.

★

BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK has appointed **Mr Michael Haeringer** and **Mr Roger Wolf** as general managers of the London branch. They are succeeding **Dr R. Groh** who is returning to the bank's head office in Munich. **Mr Andy Richardson**, formerly with North Carolina Bank in London, has been appointed treasurer, and **Mr Peter Heath**, formerly with Continental Financial, has been appointed senior forex trader of Hypo-Bank's London dealing room.

★

ALFRED McALPINE HOMES has appointed **Mr Roger Horton** as managing director of the retirement homes division. He joins from the Dominion Group where he was chief executive of the property division. From 1983-85 he had been managing director of the company's housing division during which time he set up Dominion's retirement homes division.

★

ELSWICK-HOPPER has appointed **Mr Lyn Richardson** as company secretary.

★

Mr Iain Gamage has been appointed managing director of Reed Accountancy, a division of REED EMPLOYMENT. He was at Budget Rent a Car International Inc.

★

Mr Bryan Leigh, managing director of A. C. Leigh, Norwich, has been elected president of the GUILD OF ARCHITECTURAL IRONMONGERS.

★

WHITBREAD AND CO has appointed **Mr Bernard W. King** as an executive director. He will remain managing director of Whitbread's trading division.

★

Mr Hugh J. R. Beveridge has been appointed group vice president — international marketing for BS & B SAFETY SYSTEMS.

★

GLAXO HOLDINGS has appointed new chief executives for two of its major subsidiaries. **Dr Martin Mohs** succeeds **Mr Frank Robinson** as general manager of Glaxo Pharmazeutika, West Germany, on June 16. Dr Mohs was chairman and chief executive of A. Nattermann & Cie Arzneimittel. **Mr Jacques R. LaPointe** becomes chief executive officer of Glaxo Canada from June 1. He was previously executive director of McNeil Pharmaceutical (Canada).

★

Mr John Gwynn has been appointed chairman of HODGSON & FARADAY.

★

Mr R. W. Duggan has been appointed general manager finance and administration of TRADE INDEMNITY, credit insurers. He was finance director of Morganite Crucible.

★

Mr Brian Dudley has been appointed group finance director of HUNTER SAPHIR. He was group finance director of Swan National, a subsidiary of TSB.

US likely to announce wheat area reduction

THE US Department of Agriculture (USDA) may announce the 1987 Wheat Program's acreage reduction programme (ARP) tomorrow but defer announcements on a paid diversion and the loan rate, department and private analysts said in Washington, reports Reuters.

The analysts said near-record carry-over stocks forecast for 1986-87 may prompt USDA to set the wheat ARP at the top of the 20 per cent to 27.5 per cent range set by law.

They said USDA is also expected to add a paid diversion programme, with payments made in generic certificates for surplus government grain. They do not, however, expect that provision to be announced this week.

By law the only provision the department must announce by June 1 is the size of the voluntary acreage reduction programme.

Analysts said paid diversion options from 5 per cent to 20 per were being considered, but no decision had been made.

Although paid diversion programmes have often been opposed by the Office of Management and Budget the analysts noted that using generic certificates for payment would ease budget cost concerns.

Lagging wheat exports and mounting stocks have alarmed both private and government officials.

"We are in worse shape than we were pre-PIK," said one USDA analyst, alluding to the then-record 1982 wheat carry-over stocks of 1.55bn bushels that led to the massive payment-in-kind programme of 1983.

USDA is forecasting record wheat carry-over stock for 1985-86 at 1.879bn bushels, and a near-record 1.798bn bushels for 1986-87.

● In Brussels yesterday Coceral, the EEC grain lobby, said its first estimate for the 1986 grain harvest was between 158.6m and 159m tonnes (including Spain and Portugal), little changed from last year's 158.9m tonnes.

Coceral estimated the 1986 world wheat crop at 525m tonnes, compared with 510.4m in 1985 and 521.6m in 1984.

India may end packet tea duty

By P. C. Mahanti in Calcutta

INDIA MAY soon remove the export duty from packet tea as part of a drive to increase value-added tea sales, according to Mr R. K. Aripathy, the Tea Board chairman. Tea bags are already exempted from export duty.

The country's packet tea exports rose sharply last year to 30m kilos from 10m kilos in 1984 and the Government clearly thinks that still higher value-added exports should be possible if substantial incentives are given.

The year's overall tea export quota has not yet been announced, presumably because of the prolonged drought which has hit output in North India. The tea industry feels this reflects the Government's excessive concern for the domestic consumer and a lack of appreciation of the problems of exporters and the importance of maintaining overseas buyers' confidence in India as a dependable supplier.

Concern over jute crop decline

INDIAN PRODUCTION of raw jute is expected to fall sharply this season (ending in June). In preliminary estimates agricultural experts put the crop at between 6.5m and 7m bales, down from 11.5m bales last season. They put the blame mainly on a reduction of between 25 and 35 per cent in acreage by growers who suffered from low prices following last year's bumper crop, nearly a third of which remains unsold.

Prices for the fibre crashed and even now, when there would normally have been a seasonal hardening of prices, the average quotation on the Calcutta market is just Rs 220 (£12) a quintal, about 30 per cent below the statutory minimum.

The jute industry is also disturbed at an apparent lack of official sympathy for its problems and what it sees as positive encouragement for its competitors in the synthetic bag industry. Central Government has directed jute growing states to reduce acreage by phases while the railway authorities have recently banned the carrying of salt in jute sacks. The railway decision is particularly worrying to the jute industry as it has already lost to the synthetic bag makers some 80 per cent of its fertiliser packing business and 20 per cent of its cement packing business.

Off-exchange trading under attack in US

BY NANCY DUNNE IN WASHINGTON

LEVERAGE CONTRACTS, futures which are traded off exchange floors, have emerged as the single source of controversy in this year's otherwise uneventful Congressional march towards reauthorisation of the Commodity Futures Trading Commission, watchdog for the US markets.

With little fanfare, both agricultural committees have agreed to give the CFTC another lease on life. The Commission had hoped in this year's legislation to get leverage contracts banned on the grounds that they are economically useless, but, as in previous reauthorisations, the speculative instruments with a shady past have been particularly hard to kill.

A provision to ban the trading of leverage contracts or to move them on to the exchange floors breezed through the Senate committee. The House, however, rediscovered an affection for the contracts. With the committee chairman, Mr Kika de La Garza, and other key members behind the move, the committee agreed to ban leverage contracts on copper and foreign currencies but to allow gold, silver and platinum contracts ot continue.

The measure would also end end in two years the moratorium which has limited new entrants into the leverage business to two firms: Monex International and International Precious Metals Corp.

The committee vote was widely seen as a concession to the giant Chicago exchanges. The Chicago Mercantile Exchange is anxious to snuff out all competition to its currency contracts. The Board of Trade is scheduled to introduce a contract on high quality copper via its subsidiary, the MidAmerica Exchange.

The big losers are the Commodity Exchange Inc. (Comex), which trades metals in New York and had hoped to be rid of the spectre of significant off-exchange competition, and the CFTC.

Miss Susan Phillips, the CFTC chairman, had argued that leverage transactions are "legally and economically indistinguishable from futures contracts and therefore do not warrant special statutory treatment afforded by present law." CFTC regulation of the leverage business, which has been "fraught with customer abuse" is more expensive than the commission can afford with its current budget, she said.

The two companies still in the leverage business—there were five when Congress first laid down the limits on new entrants—serve an estimated 14,000 customers. In a typical leverage contract, an investor buys a quantity of a commodity with a small down payment and he gets the rest by borrowing from the leverage firm, using his commodity as collateral. The fees for interest, storage, maintenance, and so forth provide the major source of leverage firms' income and most of the complaints the CFTC received. This customer profits only if prices, and he sells off making enough to cover all the fees paid to the leverage firm.

Defenders of the leverage business, like Mr Thomas Russo, a prominent New York commodities attorney, see a future for off-exchange computer trading.

"There is no magic in trading on an exchange floor," says Mr Russo. He argues that the leverage firms have never been given an opportunity to do business without very tough rules.

The CFTC legislation is expected ot move through Congress next month, and the future of leverage will be fought out in a house-Senate committee.

Spot oil prices lower

BY MAX WILKINSON

SPOT OIL prices eased further yesterday on both sides of the Atlantic after the surge to more than $15 per barrel in the middle of the month.

On the Brent market in Europe the price of crude for June delivery eased to $13.55, down 35 cents compared with Wednesday's price and 14 per cent below the peak of $15.50 reached on May 16.

On the New York Mercantile Exchange where crude prices have been consistently higher than in Europe for some weeks, the price of West Texas Intermediate crude fell to around $15.50 in a rather confused market.

This was 10 per cent lower than the level reached on May 16, when high demand for fuel oil and for petrol appear to have caught refiners with low stocks. As product prices rose sharply, the price of crude rose to some 50 per cent above the level reached in April.

At the time of the recent surge in prices, many analysts forecast that the rise would be temporary, because world demand for oil remains far below potential supply.

Ont New York trader said yesterday that he thought that the price would continu eto ease for the time being. In Europe, cargoes of oil for June delivery were said to be in ample supply with little demand.

In spite of the recent warning by Sheikh Yamani, the Saudi Arabian oil minister, that oil prices will eventually rise steeply, few people in the oil market believe that there is much prospect that the Organisation of Petroleum Exporting Countries could re-form their cartel in the coming months, even with the help of non-members like Norway. Even if a new agreement can be forged this seems unlikely to affect the market before the autumn.

Meanwhile, contract prices based on "netback" terms have been less volatile than spot prices, but they are reported to be coming under renewed pressure as six month contracts come up for re-negotiation.

Indonesia and Malaysia study co-operation

MR PAUL LEONG, the Malaysian Primary Industry Minister, yesterday began four days of talks with Indonesian leaders on possible co-operation in the face of falling world commodity prices, Malaysian officials said, reports Reuter from Jakarta.

Malaysia is the world's biggest producer of rubber, tin and palm oil. Indonesia is the second biggest tin and rubber producer and a major palm oil producer.

Mr Leong met President Suharto in the morning and was due to meet the ministers for trade, economy, mining and energy, and finance.

The Malaysian officials said Mr Leong was also promoting an international commodities seminar to be held in Kuala Lumpur in July. Malaysia saw Jakarta's participation as important as the two countries face similar problems, they said.

Tin market talks denied

THE KUALA Lumpur Tin Market (KLTM) has denied reports that it has invited major international tin trading companies for talks next week on the market's future, reports Reuter from Singapore.

"We are not aware of such talks. We have also not heard of plans to set up a rival tin market in Singapore," a KLTM official said.

His comments followed a report quoting an official of Preussag AG in Hanover as saying that the KLTM had initiated the talks to secure its future in the face of plans to set up a rival market in Singapore.

The report, which also quoted other industry officials, said the establishment of a tin market in Singapore had been discussed for several months in view of the small amount of tin traded on the KLTM.

It said Malaysia's refusal to admit as members companies not based in Malaysia or to allow non-domestic tin had also prompted the idea of opening a Singapore market.

The KLTM official said the market has set up a task force to consider allowing non-domestic tin to be traded and ways that the market could be strengthened.

"A decision on whether non-domestic tin will be allowed on the KLTM has yet to be taken," he said.

The prohibition of trade in non-domestic tin was aimed at preventing pressure on the International Tin Council buffer stock manager (BSM) who was almost the sole buyer on the market to defend the price of tin.

The KLTM emerged as the main point of reference for tin prices after the suspension of tin trading on the London Metal Exchange (LME) on October 24, when the BSM ran out of money to support prices.

Malaysian industry officials said that because the BSM has stopped supporting prices on the KLTM after the international tin crisis last October it should allow trading in tin from Indonesia and Thailand to increase turnover.

Such a move could attract some of the large amounts of Indonesian and Thai tin now being traded on an informal Singapore market, they said.

Industry officials in Thailand, Singapore and Indonesia said they were unaware of any KLTM meeting next week.

Uganda's coffee industry picks up the pieces

BY A SPECIAL CORRESPONDENT

COFFEE EXPORTS from Uganda—virtually the country's only foreign exchange earner—have recovered after falling sharply late in 1985 because of fighting inside the country.

According to Dr Crispus Kiyonga, the Co-operatives and Marketing Minister, Uganda—the world's sixth largest coffee producer—has now exported around half the 2.6m bags (160,000 tonnes) allocated to it for 1985-86 by the International Coffee Organisation (ICO) before a sharp rise in world prices triggered the suspension of export quotas.

Exports rose to 330,000 bags in March, more than three times the amount shipped last December. Uganda aims to meet its ICO allocation by September, the end of the coffee year, but is unlikely to be able to cash in on the relaxation of the quota system because of internal constraints.

Robusta type coffee is grown by peasant farmers throughout southern and western regions of the country. However, transport shortages are making it difficult for producers to deliver their crops to main depots.

Erratic electricity supplies in rural areas have held up basic processing, and some hulleries have been looted—though the World Bank plans to refurbish them. Much of the work done by a $29m EEC project, started in 1982 to rehabilitate the coffee industry, was destroyed during the war.

Despite these setbacks, Kampala's central processing plant is receiving 10,000 bags of coffee daily, and it is being transported as fast as possible through Kenya and Tanzania for export.

In the long run, Uganda's National Resistance Movement (NRM) Government hopes to send most of its coffee out by rail to reduce road transport costs, but at the moment the railways lack adequate rolling stock.

In recent years the coffee industry has been plagued by incompetence and corruption.

Dr Kiyonga has set up a committee to investigate the Coffee Marketing Board (CMB) and evidence of embezzlement is coming to light. It is probably significant, moveover, that the CMB's petty cash payments in Kampala fell by 95 per cent a week after the NRM came to power on January 25, and monthly expenditure in its London office automatically dropped by two-thirds.

Genuine bottlenecks also need to be removed. Dr Kiyonga hopes that better crop financing will encourage farmers to pick their crops.

The Government this week unveiled an economic package designed, among other things, to raise incentives to producers. It devalued the Ugandan shilling and sharply increased producer prices for coffee, which have up to now been only a small fraction of the world price. However, the real value of the increase could be undermined if inflation continues at its present rate of 150 per cent a year.

An anti-smuggling campaign is also underway, and Uganda sealed its 400-mile border with Zaire on May 6 in an attempt to conserve its main source of income — coffee earns 94 per cent of Uganda's foreign exchange and provides 70 per cent of Government revenues.

The fall in proceeds early this year caused a tight squeeze on foreign exchange as reserves had been depleted by arms-buying in the previous regime. Increased exports should ease this, however, and with good world prices exports earnings may reach $500-600m for 1985-1986, compared with $375m in 1984-85.

LONDON MARKETS

A STEEP slide in London coffee futures values yesterday was fuelled by heavy losses in the New York market and the July position ended the day £84 lower at a 27-week low of £1,313.50 a tonne. Prices came under selling pressure and buyers withdrew on widespread rumours that Brazil is considering altering its pricing structure to bring it more into line with the world market, dealers said. London's fall was actually less than in New York, where there was added selling pressure from Colombian exporters. On the London Metal Exchange meanwhile the lead market maintained its recent firmer tone with the cash position gaining another £7 to £267 a tonne, taking the rise over the last six trading days to £24 a tonne. Dealers said the rise reflected continuing constructive fundamentals following recent cuts in production capacity and the Broken Hill miners' strike in Australia.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	781-2	+16.5	771/770.5
3 months	772-3	−10.75	778.5/763

Official closing (am): Cash 770.5-1 (763-4), three months 763-4 (758-9), settlement 771 (764). Final Kerb close: 766-6.5. Turnover: 23,000 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	945-6	+17	927/925
3 months*	959-60.5	+16	951/943.5

Official closing (am): Cash 925.5-6.5 (919-20), three months 943-3.5 (938-9), settlement 926.5 (920). Final Kerb close: 959-60.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	266.5-7.5	+7	267.5/266
3 months	271-5.2	+7.5	275/268

Official closing (am): Cash 267-7.5 (264-5), three months 271-1.5 (266.5-7), settlement 267.5 (265). Final Kerb close: 274-5. Turnover: 13,800 tonnes. US Spot: 19-20 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2655-75	−125	—
3 months	2730-5	+10	2749/2720

Official closing (am): Cash 2,645-55 (2,650-5), three months 2,720-5 (2,725-6), settlement 2,655 (2,655). Final Kerb close: 2,733-5. Turnover: 1,824 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 14.58 (14.44) ringgit per kg. Up 0.14 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	497-8	+12.5	494
3 months	508-8.5	+12.75	514/501

Official closing (am): Cash 494-4.5 (484-5), three months 504.5-5 (496-6.5), settlement 494.5 (485). Final Kerb close: 512-3. Turnover: 12,900 tonnes. US Prime Western: 33.50-33.75 cents per pound.

GOLD

Gold gained $¾ to $343¼-343¾ on the London bullion market yesterday, but failed to show much reaction to the late demand for silver. The strength of the dollar also had little impact. The metal opened at $342-342½, and was fixed at $342.75 in the morning and $342.70 in the afternoon. It touched a peak of $343½-344 and a low of $342-342½.

GOLD BULLION (fine ounce)	May 29	
Close	$343¼-343¾	(£229½-230)
Opening	$342-342½	(£228½-229)
M'n'g fix	$342.75	(£228.530)
Aft'n'n fix	$342.70	(£228.772)

GOLD AND PLATINUM COINS		
Kr'g'r'nd.	$342¾-343¼	(£229¼-229½)
½ Krug.	$179¾-181	(£120¼-121)
¼ Krug.	$91½-92½	(£61¼-61¾)
1/10 Krug.	$37-37¾	(£24¼-25¼)
Mapleleaf	$352¾-353¼	(£236-236¼)
Angel	$353-356	(£236¼-237½)
1/10 Angel	$34½-39½	(£23-26½)
New Sov.	$81½-82	(£54½-54¾)
Old Sov.	$87-88½	(£58¼-59¼)
$20 Eagle	$430-470	(£287½-314¼)
NoblePlat	$425¾-430¾	(£284¾-288¼)

SILVER

Silver was fixed 1.25p an ounce lower for spot delivery on the London bullion market yesterday at 339.05p. UC cent equivalents of the fixing levels were: Spot 509c, down 2.5c; three-month 517.40c, down 2.65c; six-month 526.45c, down 2.65c; and 12-month 544.70c, down 2.65c. The metal opened at 340-341½p (509-511c) and closed at 347-348½p (519-521c), boosted by demand in New York.

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	339.05p	−1.25	345.5p	+6
3 months	346.85p	−1.55	353.5p	−5.75
6 months	354.85p	−1.55	—	—
12 months	369.80p	−1.80	—	—

LME—Turnover: 20 (64) lots of 10,000 ounces.

Three months high 354p, low 345p, final kerb 352-4p.

RUBBER

PHYSICALS—The London market opened slightly steadier, met covering interest throughout the day and closed quietly steady, reports Lewis and Peat. Closing prices (buyers): Spot 59.00p (58.00p); July 57.00p (55.75p); August 57.25p (56.00p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 203.5 (202.5) and SMR 20 186.5 (185.5).

FUTURES—Index 558, July 559-563, July-Sept 557-559, Oct-Dec 564-J16, Jan-March 575-577, April-June 591-595, July-Sept 593-598. Sales: 23.

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets: GB—Cattle 105.30p per kg lw (+2.30). GB—Sheep 243.86p per kg est dcw (+8.40). GB—Pigs 82.13p per kg lw (+2.59).

PIGMEAT Month	Y'days close	+ or —	BEEF Y'days close	+ or —
May	—	—	—	—
June	107.20	+0.90	185.00	—
July	104.70	−0.60	180.00	−3.00
Aug.	103.90	+0.90	184.50	+0.50
Sep.	110.00	+0.60	187.50	+3.50

Pigmeat prices closed sharply higher due to short-covering and continued speculative buying, reports

INDICES

REUTERS

May 29	May 28	M'th ago	Year ago
1757.3	1756.9	1786.4	1888.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 28	May 27	Month ago	Year ago
Spot	125.86	125.83	—	118.23
Fut.	117.43	117.47	—	120.27

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	May 29 1986	+ or —	Month ago
METALS			
Aluminium			—
Free Market	$1275/295		$1800/820
Copper			
Cash h Grade	£945.5	+17	£938.5
3 mths	£960.25	+16	£944.75
Gold Troy oz	$343.5	+0.75	$345.25
Lead Cash	£267	+7	£243.25
3 mths	£271.75	+7.5	£247.83
Nickel			
Free Mkt	160/200c	−1.5	185/205c
Palladium oz	$109.80	−0.2	$110.65
Platinum oz	$415.30	−0.7	$421.60
Quicksilver†	$205/215		$228/230
Silver troy oz	339.05p	−1.25	332.25p
3 months	346.85p	−1.55	340.25p
Tin			
free mkt	£3760/758	+25	£3850/78
Tungsten	$59.13		$62.07
Wolfram 22.04lb	$45/55		$45/55
Zinc	£497.5	+12.5	£455
3 months	£508.25	+12.75	£462.75
Producers	$780		$760/730
OILS			
Coconut (Phil)	$342.5y		$380
Palm Malayan	$242.5z		$250 ‡
Seeds			
Copra Phil	$145x		$160
Soyabean (U.S.)	$154x	+1	$151
GRAINS			
Barley Fut Sept.	£98.00		£98.70
Maize	£158.00w		£144.00
Wheat Fut Sept.	£99.35	−0.05	£116.75
No. 3 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1313.5	−7.5	£1510.5
Coffee Ft. July	£1872.5	−84	£2967
Cotton A Ind.*	44.20c	−0.3	46.75c
Gas Oil July	$125	−2.75	$136.75
Rubber (kilo)	59p	+1	54.5p
Sugar (raw)	$167u	−6	$217.5
Wooltops 64s	423p kilo		418p kilo

‡ Unquoted. † Per 75-lb flask. c Cents per pound. w June. x May-June. z July. u June-July. y July-Aug. * Cotton Outlook.

Eastern Capital CCST.

Pigmeat sales: 184 (38) lots of 50 carcases. 3,250 kg.

Beef sales: 7 (0) lots of 20 sides.

COCOA

Futures traded within a £15 range and ended a dull day slightly lower. Consumers were again absent from the market but some light producer selling was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1300-1303	−11.5	1312-1300
July	1312-1315	−7.5	1326-1312
Sept.	1336-1337	−6.0	1348-1335
Dec.	1371-1372	−8.0	1385-1371
March	1400-1401	−7.0	1411-1400
May	1416-1420	−5.5	1425-1420
July	1435-1437	−3.5	1445-1451

Sales: 2,432 (2,817) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for May 29: 86.28 (86.98); five-day average for May 30: 86.33 (86.36).

COFFEE

Rumours of possible lower price offers from Brazil put the market under pressure from mixed commission and trade house selling. Buying interest was minimal and physical offtake appeared light and rallies were short-lived, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or —	Business Done
May	1815-1840	−87.5	1900-1820
July	1870-1875	−84.0	1965-1850
Sept.	1910-1912	−86.5	2010-1890
Nov.	1947-1950	−88.5	2035-1925
Jan	1990-1995	−87.5	2045-1950
Mar.	1995-2000	−80.0	2065-1971
May	2005-2020	−82.5	2005

Sales: 6,925 (3,970) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 28: Comp. daily 1979: 167.00 (168.62); 15-day average 175.61 (176.96).

SOYABEAN MEAL

	Latest close £ per tonne	+ or —	Business Done
June	125.5-124.5	−1.45	124.5-124.9
August	124.0-125.0	−0.60	—
October	124.5-124.8	−0.20	124.5
Dec.	124.0-124.9	−0.55	124.5
Feb.	127.0-128.5	+0.50	—
Apr.	128.5-130.5	−0.50	—
June	127.5-129.0	−0.25	—

GRAINS

July wheat found keen shipper support against merchant hedge selling, reaching the day's high on the close. New crops nervously awaited further details of the co-responsibility levy, which was being discussed in Brussels yesterday, easing on trade long liquidation, reports T. G. Roddick.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	—	—	—	—
July	114.50	+0.55	—	—
Sept	99.35	−0.05	98.00	—
Nov	101.80	−0.10	101.10	−0.10
Jan	105.05	−0.10	104.10	+0.05
Mar	107.70	−0.10	106.80	—

Business done—Wheat: July 114.50-4.10, Sept 99.50-9.40, Nov 101.90, Jan 105.10, Mar 107.80. Sales: 64 lots of 100 tonnes. Barley: Sept 98.00, Nov 101.10, Jan and March untraded. Sales: 11 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: Spot 113.25-116.00, June 117.25-117.50, Sept 101.25-101.75 buyer/seller, Oct 103.50 buyer, Oct/Dec 105.50-106.00, Jan/March 110.50-111.00 buyer/seller transhipment East Coast. US No. 2 Soft Red Winter: July 90.75, Aug 91.25. EEC first-half June: 130.50. English feed, fob: July/Aug 99.75 buyer, Aug 99.50, Sept 100.50, Oct/Dec 106.00, Jan/March 111.00 sellers. Maize: US No. 3 Yellow/French transhipment East Coast first-half June: 139.00. Barley: English feed, fob: July/Aug-Aug 98.50-99.50 buyer/seller, first-half Sept 101.00, Oct/Dec 105.50, Jan/March 110.50 sellers.

HGCA — Locational ex-farm spot prices. Feed Barley: W. Midlands 113.70, N. West 114.80. The UK monetary coefficient for the week beginning Monday, June 2, will be unchanged.

POTATOES

Opening values were slightly easier, in very quiet trade, but one commission house buyer lifted prices during the afternoon, reports Coley and Harper.

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	89.60	88.00	89.80-89.00
Feb	100.00	96.50	100.00-99.00
Apr	121.90	119.00	122.40-118.40
May	132.50	128.80	—
Nov	89.00	89.00	—

Sales: 420 (402) lots of 40 tonnes.

Earlies—July 107.00, +2.00. Sales: Nil lots of 10 tonnes.

US MARKETS

COFFEE FUTURES trading remained sharply lower in the face of heavy trade, commission house, computer fund and local selling in New York, reports Heinold Commodities. The market looked technically weak and offered no support. It was not certain whether the market had reached the bottom with short selling being followed by buying back. There was no fundamental news and rumours that government officials in Brasilia would announce a price rebate or an other mechanism to lower Brazil's coffee export prices were unconfirmed. Sugar remained lower in narrow trading. Commission house and speculative selling with scale-down trade buying were the main features of an otherwise lacklustre day. Comex copper moved higher after brisk morning trading. Managed account buying, which has been missing from the market for several months, dominated trading and boosted prices. Switch trading was active as traders sold July and bought September. Trader sentiment has become more bullish on the possibility of domestic mine strikes when labour contracts expire on June 30.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	54.30	—	—	53.60
July	54.30	54.30	53.65	53.60
Sept	54.40	54.40	53.95	53.80
Dec	54.75	—	—	54.15
Jan	54.85	—	—	54.25
March	55.00	—	—	54.40
May	55.10	—	—	54.50
July	55.20	—	—	54.60
Sept	55.30	—	—	54.70

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	192.50	197.00	192.25	204.24
Sept	196.43	—	196.15	207.88
Dec	208.09	208.09	208.09	212.09
March	211.61	—	—	215.81
May	214.25	—	—	218.25
July	215.50	—	—	219.50
Sept	219.50	—	—	223.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	62.90	63.10	63.10	62.30
July	63.30	63.65	63.00	63.15
Sept	63.65	63.85	63.35	63.50
Dec	64.00	64.35	63.80	63.90
Jan	64.15	—	—	64.05
March	64.35	—	—	64.30
May	64.65	—	—	64.60
July	64.95	—	—	64.90
Sept	65.25	—	—	65.20

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	68.10	68.30	67.28	67.47
Oct	34.85	35.10	34.65	34.95
Dec	34.77	35.22	34.75	35.05
March	35.84	36.25	35.83	36.04
May	36.70	36.94	36.70	37.00
July	37.57	38.15	37.55	37.85
Oct	38.20	38.50	38.50	38.51

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
July	14.60	14.88	14.15	14.83
August	14.18	14.34	13.75	14.36
Sept	14.00	14.12	13.55	14.10
Oct	13.90	14.03	13.65	14.00
Nov	13.90	13.98	13.90	13.92
Dec	13.80	13.95	13.52	13.85
Jan	13.80	13.75	13.65	13.79
Feb	13.80	13.80	13.80	13.74
March	13.69	13.60	13.60	13.69

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	343.6	344.0	342.0	342.5
July	345.2	—	—	[illegible]
August	347.0	347.4	345.5	345.8
Oct	350.2	350.5	349.2	349.0
Dec	353.7	354.2	352.2	352.5
Feb	357.4	356.7	356.5	356.1
April	361.0	—	—	359.5
June	364.7	364.3	364.3	363.3
August	368.7	—	—	367.3
Oct	372.7	—	—	371.3
Dec	377.0	—	—	375.6
Feb	381.5	380.5	380.5	380.1

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
June	42.15	42.85	41.00	42.17
July	40.70	41.10	39.40	40.95
August	41.10	41.30	39.90	41.26
Sept	41.60	42.00	40.60	41.89
Oct	42.25	42.40	41.25	42.49
Nov	42.80	42.90	41.75	42.94
Dec	43.10	43.40	42.20	43.40
Jan	43.60	43.60	42.60	43.60
Feb	43.15	43.15	42.50	42.99
March	41.00	42.00	40.70	41.00

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	1779	1795	1768	[illegible]
Sept	1832	1850	1828	[illegible]
Dec	1876	1883	[illegible]	[illegible]
March	1916	1940	1915	[illegible]
May	1950	1955	[illegible]	[illegible]
July	1970	—	—	[illegible]
Sept	1993	—	—	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	100.10	100.30	99.50	100.10
Sept	99.50	99.70	98.50	[illegible]
Nov	99.70	99.80	99.00	[illegible]
Jan	99.50	99.50	[illegible]	[illegible]
March	99.85	98.75	99.00	[illegible]
July	100.85	—	99.50	[illegible]
Sept	100.55	—	—	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	413.0	—	—	[illegible]
July	416.1	416.5	412.5	[illegible]
Oct	418.4	419.5	416.0	[illegible]
Jan	421.0	422.2	[illegible]	[illegible]
April	423.6	423.5	422.5	[illegible]
July	427.1	429.5	425.5	425.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	520.4	517.0	505.0	[illegible]
July	523.5	524.5	[illegible]	[illegible]
Sept	530.8	532.0	[illegible]	[illegible]
Dec	539.6	540.0	523.5	[illegible]
Jan	542.8	—	—	[illegible]
March	549.1	550.0	540.0	[illegible]
May	556.7	[illegible]	[illegible]	[illegible]
July	562.4	[illegible]	[illegible]	[illegible]
Sept	568.6	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	7.41	[illegible]	7.10	[illegible]
Oct	7.52	7.54	7.18	7.38
Jan	7.84	[illegible]	[illegible]	[illegible]
March	7.98	[illegible]	[illegible]	[illegible]
July	8.35	[illegible]	[illegible]	[illegible]
Sept	8.46	—	—	[illegible]
Oct	8.58	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	54.82	[illegible]	[illegible]	[illegible]
Aug	53.22	[illegible]	[illegible]	[illegible]
Oct	51.22	[illegible]	[illegible]	[illegible]
Dec	53.32	[illegible]	[illegible]	[illegible]
Feb	53.20	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	—	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	46.20	[illegible]	[illegible]	[illegible]
Oct	41.87	42.10	41.70	42.10
Dec	42.40	[illegible]	[illegible]	[illegible]
Feb	41.95	[illegible]	[illegible]	42.32
April	38.95	39.25	[illegible]	39.30
June	41.00	41.35	40.80	41.30
July	41.52	41.55	[illegible]	41.82

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	200.6	203.2	200.4	203.0
Dec	193.4	[illegible]	193.2	196.2
March	203.2	204.0	[illegible]	203.6
May	208.4	209.2	[illegible]	[illegible]
July	208.4	209.4	208.4	209.0
Sept	197.6	198.4	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	67.45	[illegible]	[illegible]	[illegible]
Aug	64.62	65.50	63.55	[illegible]
Feb	60.05	61.80	59.80	61.80
March	59.25	60.55	59.25	60.65

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	526.2	526.6	525.0	528.0
Sept	514.0	516.0	513.4	514.0
Nov	511.2	513.0	509.2	510.6
Jan	520.4	521.4	519.0	520.0
March	528.4	531.0	528.4	530.0
May	534.5	534.5	533.0	533.5
July	537.4	538.0	537.0	537.8
Aug	536.4	—	—	536.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	148.1	148.5	147.4	147.4
Aug	147.5	148.0	146.9	146.9
Sept	145.5	146.6	145.5	145.1
Oct	145.0	145.0	143.5	143.9
Dec	145.9	146.2	144.0	144.6
Jan	[illegible]	147.5	[illegible]	145.1
March	150.0	150.0	149.5	149.0
May	[illegible]	154.5	153.0	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	17.92	18.32	17.85	18.30
Aug	18.04	18.33	18.00	18.38
Sept	18.13	18.42	18.13	18.48
Oct	18.12	18.36	18.05	18.45
Dec	18.26	18.60	18.26	18.68
Jan	18.35	18.65	18.35	18.78
March	18.66	19.00	18.61	19.05
May	19.00	19.20	19.00	19.35

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	247.0	251.0	246.4	252.2
Sept	248.6	253.0	248.4	254.0
Dec	257.4	261.4	257.2	262.6
March	257.4	262.0	257.4	263.0
May	250.4	255.0	250.4	255.2
July	238.0	243.0	238.0	243.0

SPOT PRICES—Chicago loose lard 10.00 (same) cents per pound. Handy and Harman silver bullion 517.0 (512.0) cents per troy ounce.

FREIGHT FUTURES

	Close	High/Low	Prev.
	Dry Cargo		
July	650/651	655/645	645/644
Oct.	733/734	737/726	726/727
Jan.	750/753	751.5/747	742/745
April	799/800	—	789/800
July	720/725	—	700/735
Oct.	800/820	—	790/835
Jan.	900	—	900
Apr.	850/950	—	850/915
BFI.	665.0	—	664.0

Turnover: 150 (48).

	Close	High/Low	Prev.
	Tankers		
May	1340/1370	1374/1355	1320/1460
June	1161/1190	1185/1160	1150/1175
July	1029/1075	—	1020/1050
Sep	1056/1174	1066	1055/1070
Dec	1110/1140	1025	1070/1085
Mar	1150/1200	—	1155/1260
BTI	1369.5	—	1357.0

Turnover: 38 (30).

SUGAR

LONDON DAILY PRICE—Raw sugar: $167.00 (£111.50), down $6.00 (down £3.50) a tonne for June-July delivery. White sugar: $193.00, down $5.00.

Rumours that Brazil was planning to increase exports from the next crop caused a further fall in prices but the market rallied in late afternoon, reports C. Czarnikow.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	163.8-164.0	162.0-162.4	166.4-168.0
Oct	168.8-169.4	166.4-166.5	170.0-161.0
Dec	172.0-173.6	169.0-171.0	—
Mar	177.8-177.9	175.4-176.0	178.4-171.1
May	181.8-181.6	178.8-179.4	180.8-178.0
Aug	184.6-186.0	182.0-183.4	—
Oct	188.8-190.0	186.4-188.4	—

Sales: 2,970 (2,633) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £215.50 (£220.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 28: Daily price 6.92 (7.16); 15-day average 7.55 (7.66).

No. 6 cif contract—Aug 180.0-4.0; Oct 184.0-7.8. Sales: 2 lots of 50 tonnes.

ADD SUGAR — P38 — — — —

PARIS—(FFr per tonne): Aug 1402-14.04, Oct 14.28-14.30, Dec 1440-1460, March 1480-1490, May 1515-1535, Aug 1575-1585.

OIL

Mid-June Brent cargo sold at $13.40, while 15-day Brent traded fairly actively in all months from June to September. July WTI opened 48c down on Nymex and remained on the downside to trade 34c down at 1.30 EDT. In the petroleum products market naphtha and gas oil prices continued to fall on ample prompt supplies and poor buying interest. Gasoline was weak in thin trading, while most grades of heavy fuel oil were stable—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	10.88-11.00	−0.175
Brent Blend	15.30-15.40	−0.35
W.T.I. (1pm est)	14.40-14.50*	−0.25
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	194-197	−1.5
Gas Oil	121-123	−2.5
Heavy fuel oil	49-50	+0.5
Naphtha	128-132	−6

* July Petroleum Argus estimates.

GAS OIL FUTURES

Month	Ystrday's Close $ US per tonne	+ or —	Business Done
June	124.75	−3.00	126.50-24.00
July	126.00	−2.75	128.00-24.25
Aug	125.50	−2.75	127.50-25.25
Sep	127.75	−2.25	128.75-27.75
Oct	129.00	−2.25	129.75-28.00
Nov	131.00	−2.75	—
Dec	132.75	—	—

Turnover: 4,088 (3,897) lots of 100 tonnes.

Limestone quarry extension refused

A REFUSAL by the Environment Secretary to allow a 19-acre extension to a limestone quarry was yesterday hailed as a great victory by Prof John Tarn, planning control committee chairman of the Peak National Park, Derbyshire.

Tarmac Roadstone wanted to extend the Topley Pike quarry near King Sterndale, but the park board said it would seriously damage the landscape and its wildlife.

Engine company in £2.75m expansion

A THREE-YEAR expansion programme creating 100 skilled jobs, was announced by Aston Martin Tickford, the engine development and test company based at Milton Keynes, Buckinghamshire. The £2.75m programme will double the company's engine test facilities.

مكبرة من الاصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Reagan comment lifts dollar

President Reagan's comment that "the dollar is now at a more competitive level with foreign currencies" lent support to the US currency in late European trading. The suggestion that the US Administration may be happy with the present value of the dollar, and is not looking for another sharp fall, pushed the US currency through previous resistance levels of DM 2.30; SFr 1.90; and Y170. Today's US trade figures will give further guidance on economic performance, and may decide whether the dollar establishes new trading ranges, above these resistance levels. The trade figures are not expected to be very encouraging however, with dealers expecting only a slight improvement over the March deficit of $14.52bn. Yesterday's unexpectedly large rise of 1.5 per cent in US April leading indicators also gave the dollar a boost, and the US currency finished at its best levels since the Tokyo summit at the beginning of this month.

The dollar rose to DM 2.3045 from DM 2.2795; to FFr 7.3375 from FFr 7.2575; to SFr 1.9075 from SFr 1.8830; and to Y171.70 from Y168.90.

On Bank of England figures, the dollar's index rose to 117.2 from 116.6.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. April average 1.4988. Exchange rate index rose to 76.5 from 76.3, compared with 81.3 six months ago.

£ IN NEW YORK

May 29	Close	Prev. close
£ Spot	$1.4950-1.4960	$1.5005-1.5015
1 month	0.36-0.35pm	0.39-0.38pm
3 months	1.02-0.98pm	1.06-1.04pm
12 months	2.90-2.78pm	3.00-2.90pm

Forward premiums and discounts apply to the U.S. dollar.

Sterling lost ground against the dollar in late London trading, but remained firm against most other currencies, supported by Wednesday's better than expected UK trade figures, and the optimistic view of the economy taken by Mr Nigel Lawson, Chancellor of the Exchequer, forecasting a vigorous resumption of UK growth. The pound fell 1.05 cents to $1.4910-1.4920, but improved to DM 3.4375 from DM 3.4250; to FFr 10.9450 from FFr 10.90; to SFr 2.8450 from SFr 2.8275; and to Y256 from Y253.75.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. April average 2.2723. Exchange rate index 133.5 against 129.7 six months ago.

The D-mark lost ground to the dollar yesterday. The main West German financial centres, of Frankfurt and Dusseldorf were closed for a religious holiday, and trading in Hamburg was also restricted by the Forex meeting in Dublin. The Bundesbank did not intervene when the dollar was fixed at DM 2.2840 in Hamburg compared with DM 2.2739 in Frankfurt on Wednesday. The dollar gradually fell from the morning high of DM 2.2955 to a low of DM 2.28just before the fixing, but then rose sharply on a larger than forecast rise in April US leading indicators, to close at DM 2.2935, against DM 2.2735 previously.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.05. April average 175.05. Exchange rate index 204.3 against 177.2 six months ago.

The yen eased against the dollar in quiet Tokyo trading. The US currency improved to Y169.70 from Y168.90. The absence of chief dealers, attending the Dublin Forex meeting, led to a reluctance to take out new positions, and kept the market quiet. News that the Bank of Japan had bought dollars in New York, through the US Federal Reserve, kept the dollar firm, but the willingness of exporters to sell dollar's at levels above Y170, restricted the upward movement. The US currency was also underpinned by a report in a Japanese newspaper, about a US Government discussion paper, suggesting a fall in the dollar below Y160 would not help correct the US trade deficit, but would lead to stagnation of the Japanese economy. Market volume was also restricted ahead of the figures on US leading indicators and today's US trade figures.

FINANCIAL FUTURES

Prices fall

Interest rate contracts weakened on the London International Financial Futures Exchange yesterday. September delivery US Treasury bonds opened lower at 96-22, but this proved to be the highest level of the day. Trading was in a fairly narrow range ahead of figures on US April leading indicators. The market expected a rise of about 0.6 per cent to 1.0 per cent, and was surprised by the sharp increase of 1.5 per cent. The March rise was revised to 0.9 per cent from 0.5 per cent. Publication of the figures pushed the contract down to a low of 95-06, before it closed at 95-10, compared with 97-11 previously. Dealers said that lower oil futures prices in the US helped lift the contract off its low. September Eurodollars also opened weak, at 92.97, and finished at the day's low of 92.89, against 93.06 on Wednesday, as the rise in leading indicators provided another setback to hopes of a cut in the Federal Reserves discount rate.

Sterling denominated interest rate contracts also closed on a weak note. September long gilt futures opened at 124-25, and touched a peak of 125-13, before falling to a low of 124-10 in the afternoon, depressed by the US economic data. Three-month sterling deposits for September opened higher, but closed at the day's low of 90.77, compared with

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	8 41	—	—	—	0 17	—	—	—
118	6 58	—	—	—	0 34	—	—	—
120	5 20	6 32	—	—	0 60	2 02	—	—
122	3 60	5 16	—	—	1 36	2 50	—	—
124	2 51	4 11	—	—	2 27	3 45	—	—
126	1.57	3 16	—	—	3 33	4.49	—	—
128	1 14	2 30	—	—	4 54	6 00	—	—
130	0 48	1 54	—	—	6 24	7 24	—	—

Estimated volume total, Calls 1,234, Puts 453
Previous day's open int, Calls 5,280, Puts 1,733

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	7.49	7.53	—	—	0.29	1.11	—	—
90	6.08	6.24	—	—	0.62	1.46	—	—
92	4 43	5 07	—	—	1.22	2.29	—	—
94	3.28	3.84	—	—	2 08	3.12	—	—
96	2.27	3.04	—	—	3 07	4.28	—	—
98	1 41	2.19	—	—	4 21	5.41	—	—
100	1 05	1.44	—	—	5 49	7.02	—	—
102	0 43	—	—	—	7.23	—	—	—

Estimated volume total, Calls 56, Puts 285
Previous day's open int, Calls 736, Puts 806

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	19 67	—	—	19 67	0 00	—	—	0 21
1.35	14 87	14 67	—	14 67	0 00	0 06	—	0 62
1.40	9 67	9 67	9.79	10 04	0 02	0 35	0.98	1 51
1.45	4 77	5 47	6.16	6 81	0 31	1.30	2 35	3 08
1.50	1 45	2 58	3 47	4 02	1 99	3.41	4 66	5 49
1.55	0 21	0 96	1 73	2 34	5 76	6 79	7.92	8 71
1.60	0 01	0 28	0.76	1 14	10 65	11.11	11.95	12.61

Estimated volume total, Calls 251, Puts 2
Previous day's open int, Calls 3,585, Puts 6,283

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	—	—
1.40	—	—	—	—	—	—	—	—
1.45	5 00	5.60	6.50	7 00	0 45	1 35	2.30	3.00
1.50	1.60	2.70	3 80	4 10	2.25	3 50	4.60	6 40
1.55	0.35	1.05	1.70	2 15	6 00	7 00	7.90	8.60
1.60	0.25	0.45	0 80	1 10	10 80	11 30	11.90	12 50

Previous day's open int. Calls 5,115, Puts 4,326
Volume, N/a

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	19 20	—	—	19 20	—	—	—	0 15
1.35	14 20	14.20	—	14 20	—	0 05	—	0.50
1.40	9 20	9.20	—	9 50	0 05	0.25	—	1 25
1.45	4 65	5.15	5.75	6.25	0 30	11.15	2.05	2 60
1.50	1.25	2 25	3 05	3 60	2.00	3 20	4.30	4.75
1.55	0.20	0 80	1.55	1.95	5.70	6.70	7 60	8 40
1.60	—	0 25	0 65	—	20 25	11.00	11.60	—

Previous day's open int. Calls 41,129, Puts 44,100
Previous day's volume, Calls 305, Puts 1,396

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
91.00	1.94	1.90	—	—	0 00	0.01	—	—
91.50	1.44	1.42	1.38	—	0.00	0 03	0.10	—
92.00	0 94	0 96	0 96	—	0 00	0 07	0.20	—
92.50	0.45	0.57	0.61	—	0 01	0.18	0.35	—
93.00	0.09	0.28	0.35	—	0.15	0 39	0.59	—
93.50	0.00	0.10	0.16	—	0.56	0.71	0.90	—
94.00	0.00	0.03	0.06	—	1.06	1.14	1.30	—

Previous day's open int. Calls 4,272, Puts 3,147
Volume, N/a

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	124-04	125-06	124-03	124-24
Sept	124-12	125-13	124-10	125-03
Dec	124-15	—	—	125-06
March	124-11	—	—	125-02

Est. Volume 781.9 (13,557)
Previous day's open int. 14,003 (13,295)
Basis quote (clean cash price of 13% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	103-00	103-08	103-00	103-00
Sept	103-16	103-16	103-13	103-17

Est. Volume 165 (700)
Previous day's open int. 1,455 (1,427)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	161.50	163.90	161.35	163.70
Sept	163.80	163.90	163.60	166.00
Dec	166.30	—	—	168.50

Est. Volume 767 (734)
Previous day's open int. 2,300 (2,599)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	92.94	93.01	92.94	93.05
Sept	92.89	92.99	92.89	93.06
Dec	92.76	92.85	92.76	92.94
March	92.63	92.61	92.54	92.71
June	92.24	92.34	92.30	92.42
Sept	91.98	92.05	91.99	92.17
Dec	91.75	—	—	91.94

Est. Volume 4,950 (3,475)
Previous day's open int. 21,769 (21,975)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	95-24	97-09	95-13	97-26
Sept	95-10	96-22	95-06	97-11
Dec	94-21	—	—	96-22

Est. Volume 10,521 (10,394)
Previous day's open int. 7,495 (8,295)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.25	90.27	90.23	90.22
Sept	90.77	90.95	90.77	90.90
Dec	90.99	91.15	91.06	91.10
March	91.01	91.18	91.07	91.12
June	91.01	91.01	90.99	90.98

Est. Volume 2,025 (2,354)
Previous day's open int. 17,476 (17,392)

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

June	96-20	97-02	96-13	97-15
Sept	95-30	96-13	95-21	96-27
Dec	95-05	95-19	94-30	96-03
March	—	94-16	94-06	95-10
June	—	93-23	93-15	94-17
Sept	—	93-01	92-26	93-26
Dec	—	92-10	92-03	93-05
March	—	91-23	91-18	92-18
June	—	—	—	92-01
Sept	—	—	—	91-05
Dec	—	—	—	—

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.78	93.84	93.77	93.83
Sept	93.89	93.84	93.86	93.94
Dec	—	93.86	93.78	93.87
March	93.63	93.66	93.60	93.66
June	—	93.38	93.36	93.40
Sept	93.10	—	93.10	93.14
Dec	92.86	—	92.86	92.90
March	92.63	—	92.63	92.67

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.30
Sept	—	—	—	93.28
Dec	—	—	—	93.13
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.97	93.01	92.94	93.00
Sept	92.93	92.97	92.88	92.98
Dec	92.79	92.82	92.75	92.83
March	92.56	92.57	92.51	92.58
June	92.25	92.27	92.20	92.28
Sept	91.98	91.89	91.90	92.00
Dec	91.62	91.72	91.62	91.74
March	91.45	91.48	91.38	91.50

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4915	1.4880	1.4815	1.4736	1.4625

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.4835	1.4975	1.4910	1.4970
Sept	1.4845	1.4875	1.4820	1.4870
Dec	1.4755	1.4755	1.4700	1.4785

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4946	1.4946	1.4942	1.4990
Sept	1.4853	1.4860	1.4820	1.4890
Dec	1.4770	1.4770	1.4770	1.4815

Est. Volume 387 (796)
Previous day's open int. 1,953 (1,894)

POUND SPOT—FORWARD AGAINST POUND

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4906-1.5015	1.4910-1.4920	0.37-0.34c pm	2.86	1.02-0.98pm	2.68
Canada	2.0545-2.0670	2.0560-2.0590	0.26-0.16c pm	1.22	0.66-0.53pm	1.15
Nethlnd.	3.84¾-3.87	3.86-3.87	1¼-1c pm	3.50	3¾-3½pm	3.76
Belgium	69.80-70.26	70.00-70.10	18-13c pm	2.65	46-40pm	2.45
Denmark	12.64-12.69¾	12.64-12.65	3¼-2ore pm	2.48	7½-6pm	2.13
Ireland	1.1256-1.1325	1.1300-1.1310	par-0.08p dis	−0.42	par-0.15dis	−0.27
W. Ger.	3.42¼-3.44¾	3.43¼-3.44¼	1⅝-1½pf pm	5.46	4½-4¼pm	5.10
Portugal	225½-229¼	227-228	85-315c dis	−10.57	245-855dis	−9.69
Spain	216¾-219	218½-219	20-65c dis	−2.33	50-170dis	−2.01
Italy	2344½-2357	2356-2357	1-4 lire dis	−1.27	7-11dis	−1.53
Norway	11.54-11.59	11.54-11.55	3½-4½ore dis	−4.08	10¾-11¾dis	−3.87
France	10.89½-10.95	10.94-10.95	2½-2c pm	2.47	6¾-6¼pm	2.36
Sweden	10.87½-10.93	10.87½-10.88½	¼-¾ore dis	−0.55	1¾-2¾dis	−0.89
Japan	253¾-256½	255½-256½	1.17-1.04y pm	5.21	3.23-3.08pm	4.96
Austria	24.00-24.15	24.11-24.14	10¼-9¼gro pm	4.84	28¼-25¼pm	4.43
Switz.	2.83-2.85	2.84-2.85	1¼-1⅛c pm	5.28	3¼-3⅛pm	5.10

Belgian rate is for convertible francs. Financial franc 70.30-70.40. Six-month forward dollar 1.82-1.77c pm, 12-month 2.95-2.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4905-1.5015	1.4910-1.4920	0.37-0.34c pm	2.88	1.02-0.98pm	2.68
Ireland†	1.3195-1.3315	1.3200-1.3210	0.39-0.32c pm	3.20	1.00-0.85	2.78
Canada	1.3750-1.3775	1.3765-1.3775	0.18-0.21c dis	−1.70	0.52-0.57dis	−1.58
Nethlnd.	2.5835-2.5915	2.5905-2.5915	0.14-0.11c pm	0.58	0.71-0.61pm	1.02
Belgium	46.55-47.00	46.90-47.00	½-2c dis	−0.32	2-4dis	−0.25
Denmark	8.43-8.50¼	8.47½-8.48	par-0 60ore dis	−0.42	0.50-1.60dis	−0.59
W. Ger.	2.2800-2.3055	2.3040-2.3050	0.48-0.45pf pm	2.44	1.41-1.36pm	2.42
Portugal	152¼-153½	153-153½	100-250c dis	−13.78	275-675dis	−12.47
Spain	145.40-146.80	146.70-146.80	65-75c dis	−5.36	150-180dis	−4.54
Italy	1564-1581	1579½-1580½	4½-6½ lire dis	−4.21	15½-18dis	−4.28
Norway	7.70½-7.75	7.73¾-7.74¼	4.30-4.70ore dis	−7.00	12.60-13dis	−6.64
France	7.26½-7.34¼	7.33½-7.34	0.22-0.32c dis	−0.44	0.60-0.80dis	−0.38
Sweden	7.26-7.31¼	7.29¼-7.29¾	1.95-2.25ore dis	−3.46	6.00-6.50dis	−3.44
Japan	169.50-171.75	171.65-171.75	0.35-0.30y pm	2.30	0.98-0.93pm	2.25
Austria	—	15.94-15.95	2.90-2.30gro pm	1.96	7.50-6.00pm	1.69
Switz.	1.8875-1.9080	1.9070-1.9080	0.40-0.35c pm	2.38	1.20-1.10pm	2.43

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 47.10-47.20.

EXCHANGE CROSS RATES

May29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.492	3.438	256.0	10.95	2.845	3.865	2357.	2.058	70.06
$	0.670	1.	2.305	171.7	7.338	1.908	2.591	1580.	1.379	47.00
DM	0.291	0.434	1.	74.47	3.184	0.828	1.124	685.5	0.599	20.38
YEN	3.906	5.826	13.43	1000.	42.75	11.11	15.10	9205.	8.037	273.6
F Fr.	0.914	1.363	3.141	233.9	10.	2.599	3.531	2153.	1.880	64.00
S Fr.	0.351	0.524	1.208	89.98	3.847	1.	1.359	828.5	0.723	24.62
H Fl.	0.259	0.386	0.889	66.24	2.832	0.736	1.	609.7	0.532	18.13
Lira	0.424	0.633	1.459	108.6	4.645	1.207	1.640	1000.	0.873	29.73
C $	0.486	0.725	1.671	124.4	5.320	1.383	1.878	1145.	1.	34.05
B Fr.	1.428	2.129	4.907	365.5	15.62	4.061	5.517	3364.	2.937	100.

Yen per 1,000: French Fr per 10: Lire per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

May 29	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅜-10⅝	10¼-10⅜	9 15/16-10 1/16	9 11/16-9 13/16	9 7/16-9 9/16	9⅜-9½
U.S. Dollar	6¾-6⅞	6⅞-7	6 15/16-7 1/16	6 15/16-7 1/16	7-7⅛	7¼-7⅜
Can Dollar	8-8½	8-8½	8¼-8½	8 5/16-8 7/16	8 5/16-8 7/16	8 7/16-8 9/16
D Guilder	6-6¼	6⅛-6⅜	6⅛-6¼	6 1/16-6 3/16	5⅝-5¾	5⅝-5¾
Sw. Franc	26-29	3-3¼	4¾-4⅞	4⅜-4½	4¼-4⅜	4⅜-4½
Deutschmrk.	4½-4⅝	4½-4⅝	4 7/16-4 9/16	4⅜-4½	4⅜-4½	4⅝-4¾
Fr. Franc	7½-7 9/16	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜	7⅜-7½
Italian Lire	10-12	10-11½	10⅞-11⅝	10⅞-11⅝	11-11½	11¼-11¾
B.Fr.(Fin)	7⅝-7⅞	7⅝-7⅝	7⅛-7½	7¼-7½	7⅛-7⅜	7⅛-7⅜
B.Fr.(Con)	7⅝-7⅞	7⅜-7⅝	7¼-7¾	7¼-7¾	7-7½	7-7½
Yen	5⅛-5¼	4⅞-4⅞	4⅛-4⅜	4¾-4⅞	4 5/16-4⅞	4 5/16-4 7/16
D. Krone	8½-9	8½-9	8-8½	7⅞-8⅛	7¾-8¼	7⅞-8⅜
Asian $ (Sng)	7-7⅛	6 15/16-7 1/16	6 15/16-7 1/16	6 15/16-7 1/16	6 15/16-7 1/16	7 1/16-7 3/16

Long-term Eurodollars: two years 7⅝-7¾ per cent; three years 8⅛-8¼ per cent; four years 8⅜-8½ per cent; five years 8½-8⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

May 29	Bank of England Index	Morgan Guaranty Change%
Sterling	76.5	−14.6
U.S. dollar	117.2	+8.0
Canadian dollar	79.7	−11.2
Austrian schilling	134.3	+6.7
Belgian franc	94.6	−7.9
Danish Krone	84.7	−1.7
Deutsche mark	133.5	+13.8
Swiss franc	166.5	+15.8
Guilder	123.7	+8.8
French franc	68.3	−13.9
Lire	45.8	−18.5
Yen	204.3	+48.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.768638	0.628712
US $	6½	1.15411	0.942135
Canadian $	8.43	*	1.29749
Austria Sch	4	N/A	15.1447
Belgian Fr	8	53.8767	44.0208
Danish Kr	7	9.76089	7.97038
D'mark	3½	N/A	2.15605
Guilder	4½	2.96606	2.42362
French Fr	9½	N/A	6.86809
Lira	12	N/A	1477.96
Yen	3½	195.968	159.926
Norway Kr.	8	8.91319	7.27274
Span'h Pta.	—	167.925	137.409
Swedish Kr	8	8.40260	6.86197
Swiss Fr	4	2.18096	1.78504
Greek Drch	20½	164.488	134.230
Irish Punt	—	0.864507	0.709432

* C$/SDR rate for May 27: 1.58182.

OTHER CURRENCIES

May 29	£	$
Arg'tina	1.2869-1.2894	0.8600-0.8610
Aus'alia	2.0785-2.0820	1.3860-1.3875
Brazil	20.60-20.73	13.77-13.84
Finland	7.8690-7.8875	5.2765-5.2785
Greece	211.67-216.24	141.57-144.53
H'kong	11.6755-11.6856	7.8040-7.8060
Iran	119.40*	80.10*
Kuwait	0.4420-0.4430	0.29575-0.29605
Lux'burg	70.00-70.10	46.90-47.00
Malaysia	3.9350-3.9460	2.6300-2.6350
N' Z'land	2.6815-2.6890	1.7890-1.7935
Saudi Ar.	5.4595-5.4665	3.6500-3.6515
Sin'pore	3.3295-3.3356	2.2250-2.2270
S Af. (Cm)	3.4765-3.4845	2.3230-2.3285
S.Af. (Fn)	5.5425-5.7565	3.7035-3.8460
U.A.E.	5.4915-5.4985	3.6715-3.6745

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	44.0208	+0.79	+0.79	±1.5388
Danish Krone	7.91956	7.97038	+0.65	+0.65	±1.6408
German D-mark	2.13834	2.15605	+0.83	+0.83	±1.1202
French Franc	6.96280	6.86809	−1.36	−1.36	±1.3701
Dutch Guilder	2.40935	2.42362	+0.59	+0.59	±1.5081
Irish Punt	0.712956	0.709432	−0.49	−0.49	±1.6669
Italian Lira	1496.21	1477.96	−1.22	−1.22	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

London rates little changed

Short-term interest rates showed little change on the London money market yesterday. There was a slight softening of rates initially, as sentiment continued to point towards another cut in clearing bank base rates. Comfortable day-to-day credit conditions also lent a slightly softer tone to the market, but the important three-month interbank rate finished unchanged at 9⅝-9¾ per cent. Wednesday's signal from the Bank of England that another early cut in clearing bank base rates would not be welcomed, tended to stabilise rates. Dealers may now wait until the UK money supply figures on June 10, before assessing the prospects for a rate cut.

The Bank of England forecast a money market shortage of £100m, and provided assistance of £98m. The authorities did not operate in the market before lunch, but in the afternoon bought £98m bills outright by way of £9m bank bills in band 1 at 9⅞ per cent; £86m bank bills in band 2 at 9 13/16 per cent; and £3m bank bills in band 3 at 9¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £366m, with a rise in the note circulation absorbing £5m, and bank balances below target another £70m. These outweighed Exchequer transactions adding £360m to liquidity.

In Zurich, Mr Markus Lusser, vice president of the Swiss National Bank, told a news conference there was little prospect for a decline in short-term interest rates. He also doubted whether calls for co-ordinated interest rate cuts, by central banks, would find universal support. Mr Lusser added that an increase in money market rates, and the continuation of relatively restrictive Swiss monetary policy, showed that interest rates could not fall much further. Lower oil prices have led to falling inflation, price rises are expected to increase in the coming months, calling for caution on monetary policy. The Swiss National Bank is maintaining its target of 2 per cent adjusted money supply for 1986.

UK clearing bank base lending rate 10 per cent since May 22

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed funds	6 11/16
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	5.78
Two month	6.16
Three month	6.45
Six month	6.63
One year	6.81
Two year	7.31
Three year	7.48
Four year	7.63
Five year	7.71
Seven year	7.85
10 year	7.89
30 year	7.58

FT LONDON INTERBANK FIXING

(11.00 a.m. May 29)

Three months US dollars		Six months US dollars	
bid 6 15/16	Offer 7 1/16	bid 6 15/16	Offer 7 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 29	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	5-10½	10 1/16-10¼	9 15/16-10 1/16	9¾-9⅞	9½-9⅝	9 7/16-9½
Sterling CDs	—	—	9⅞-10	9⅝-9¾	9⅜-9½	9 5/16-9 7/16
LocalAuthorityDepos	9⅝-9⅞	9⅞-10⅛	9⅞-10⅛	9⅝-9⅞	9½-9⅝	9⅜-9½
Local Author'y Bonds	—	—	10¼	10¼	—	9½
Discount Mkt Depos.	5-10⅛	10	9¾	9⅝	—	—
Company Depos.	9⅞-10¼	9⅞-10¼	10⅛	9 11/16	9⅝	9½
Finance House Depos	—	—	10	9 13/16	—	—
Treasury Bills (Buy)	—	—	9 13/16	9 9/16	9 7/16	—
Bank Bills (Buy)	—	—	9 13/16	9 9/16	9 7/16	—
Fine Trade Bills (Buy)	—	—	10 3/16	10 1/16	—	—
Dollar CDs	—	—	6.85-6.90	6.90-6.95	6.95-7.00	7.10-7.15
SDR Linked Depos	—	—	6⅝-6¾	6½-6⅝	6⅝-6¾	6⅞-7
ECU Depos	—	—	7⅛-7¼	7 1/16-7 3/16	7 1/16-7 3/16	7⅛-7¼

Treasury Bills (sell): one-month 9 23/32 per cent; three months 9 19/32 per cent. Treasury Bank Bills (sell): one month 9¾ per cent; three months 9 9/16 per cent. ECGD Fixed Finance Bills: Average tender rate at discount 9.4860 per cent. Scheme IV reference date April 2 to May 6 (inclusive) 10.537 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance House Base Rates 11½ per cent from May 1 1986. Bank Deposit Rate for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from May 30. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 5½ per cent.

MONEY RATES

May 29	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tn
Frankfurt	4.40-4.50	4.55-4.65	4.50-4.65	4.50-4.65	4.50-4.65	5.5
Paris	7½	7 5/16-7 7/16	7¼-7⅜	7¼-7⅜	7⅛-7⅛	7¼
Zurich	7⅜-1⅛	4⅛-4⅜	—	4 7/16-4 9/16	—	—
Amsterdam	6 3/16-6½	6⅛-6⅜	—	6⅝-5¾	—	—
Tokyo	4.15685	4.71875	—	4.65625	—	—
Milan	12-12⅜	12⅛-12½	—	11¾-12⅛	—	—
Brussels	8.00	7 5/16-7 7/16	—	7 11/16-7 13/16	—	—
Dublin	10½-10¾	10⅜-10½	10¼-10⅜	10-10¼	9¾-10	—

$WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 28, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., London
Eurodollar Libor as of May 28 at 11.00 a.m.
3 months: 7 6 months: 7

ECU=$US.947532 SDR1=$US1.15269
Sibor as of May 28 at 11.00 a.m.
3 months: 7 1/16 6 months: 7 1/16

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	6.7299
Algeria	Dinar	4.90
Andorra	French Franc Spanish Peseta	7.242 144.45
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (7)	0.861
Aruba	Florin	1.80
Australia	Dollar	1.385
Austria	Schilling	15.99
Azores	Portuguese Escudo	151.65
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Islands	Spanish Peseta	144.45
Bangladesh	Taka	30.30
Barbados	Dollar	2.0113
Belgium	Franc (c) (er) Franc (f) (er)	46.45 46.77
Belize	Dollar	2.00
Benin	C.F.A. Franc	362.10
Bermuda	Dollar	1.00
Bhutan	Ngultrum	12.62
Bolivia	Peso (o) Peso (f)	1904000. 1905000.
Botswana	Pula	1.8282
Brazil	Cruzado (o) (3)	13.84
Brunei	Dollar	2.225
Bulgaria	Lev	0.943
Burkina Faso	C.F.A. Franc	362.10
Burma	Kyat	7.3814
Burundi	Franc	106.446
Cameroon Rp.	C.F.A. Franc	362.10
Canada	Dollar	1.3798
Canary Islands	Spanish Peseta	144.45
Cape Verde Islands	Escudo	89.2698
Cayman Islands	Dollar	0.835
Central Africa Rep.	C.F.A. Franc	362.10
Chad	C.F.A. Franc	362.10
Chile	Peso (o)	189.90
China	Renminbi Yuan	3.202
Colombia	Peso (o)	189.62
Comoros	C.F.A. Franc	362.10
Congo People's Rep. of	C.F.A. Franc	362.10
Costa Rica	Colon	55.48
Cuba	Peso	0.8682
Cyprus	Pound*	1.9406
Czechoslovakia	Koruna (o)	6.19
Denmark	Krone (er)	8.407
Djibouti Rep. of	Franc	177.00
Dominica	E. Caribbean $	2.70
Dominican Republic	Peso Peso (d)	2.848 2.845
Ecuador	Sucre (d) Sucre (f)	158.00 109.25
Egypt	Pound Pound (c)	0.83 1.37
El Salvador	Colon Colon (d)	5.00 5.00
Equatorial Guinea	C.F.A. Franc	362.10
Ethiopia	Birr (o)	2.0559
Faeroe Islands	Danish Krone	8.407
Falkland Islands	Pound*	1.503
Fiji	Dollar	1.1186
Finland	Markka	5.237
France	Franc (er)	7.242
French C'ty in Africa	C.F.A. Franc	362.10
French Guiana	Franc	7.242
French Pacific Islands	C.F.P. Franc	131.673
Gabon	C.F.A. Franc	362.10
Gambia	Dalasi	7.33
Germany (East)	Ostmark (o)	2.273
Germany (West)	Deutsche Mark (er)	2.273
Ghana	Cedi	90.00
Gibraltar	Pound*	1.503
Greece	Drachma	141.85
Greenland	Danish Krone	8.470
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	7.242
Guam	U.S. $	1.00
Guatemala	Quetzal (o) Quetzal (b, f)	1.00 2.93
Guinea Bissau	Peso	170.479
Guinea Republic	Franc Franc (f)	340.00 300.00
Guyana	Dollar	4.309
Haiti	Gourde	5.00
Honduras Republic	Lempira Lempira (d)	2.00 2.55
Hong Kong	Dollar	7.814
Hungary	Forint	46.52
Iceland	Krona	41.32
India	Rupee	12.62
Indonesia	Rupiah	1129.00
Iran	Rial (o)	80.0734
Iraq	Dinar	0.3109
Irish Republic	Punt*	1.337
Israel	New Shekel	1.488
Italy	Lira	1558.50
Ivory Coast	C.F.A. Franc	362.10
Jamaica	Dollar (o)	5.48
Japan	Yen	168.80
Jordan	Dinar	0.3364
Kampuchea	Riel	n.a.
Kenya	Shilling	16.1405
Kiribati	Australian Dollar	1.385
Korea (North)	Won	0.94
Korea (South)	Won	889.20
Kuwait	Dinar	0.2956
Laos P'les D Rep.	Kip	95.00
Lebanon	Pound	31.50
Lesotho	Maloti	2.3229
Liberia	Dollar	1.00
Libya	Dinar (6)	0.3098
Liechtenstein	Swiss Franc	1.879
Luxembourg	Luxembourg Franc	46.45
Macao	Pataca	8.1227
Madagascar Dem. Rep.	Franc	712.903
Madeira	Portuguese Escudo	151.65
Malawi	Kwacha	1.8332
Malaysia	Ringgit	2.626
Maldive Islands	Rufiyaa	7.00
Mali Republic	C.F.A. Franc	362.10
Malta	Lira*	2.5189
Martinique	Franc	7.242
Mauritania	Ouguiya	77.00
Mauritius	Rupee	13.47
Mexico	Peso (d) Peso (e)	543.30 529.30
Miquelon	French Franc	7.242
Monaco	French Franc	7.242
Mongolia	Tugrik (o)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	9.15
Mozambique	Metical	40.75
Namibia	S. A. Rand	2.3229
Nauru Islands	Australian Dollar	1.385
Nepal	Rupee	20.50
Netherlands	Guilder (er)	2.558
Netherlands Antilles	Guilder	1.80
New Zealand	Dollar	1.7986
Nicaragua	Cordoba Cordoba (d)	70.00 975.00
Niger Republic	C.F.A. Franc	362.10
Nigeria	Naira	1.0406
Norway	Krone (9)	7.683
Oman Sultanate of	Rial	0.385
Pakistan	Rupee	16.748
Panama	Balboa	1.00
Papua New Guinea	Kina	0.9483
Paraguay	Guarani (o.c.) Guarani (d)	240.00 730.00
Peru	Inti. (o)	13.95
Philippines	Peso	20.51
Pitcairn Islands	N.Z. Dollar	1.7986
Poland	Zloty (o)	163.76
Portugal	Escudo	151.65
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion Isle de la	French Franc	7.242
Romania	Leu (o) Leu (c)	4.43 12.40
Rwanda	Franc	89.1044
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.503
St. Lucia	E. Caribbean $	2.70
St. Pierre	French Franc	7.242
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.17
Samoa (US)	US $	1.00
San Marino	Italian Lira	1558.50
São Tomé & PrincipeDR	Dobra	39.2559
Saudi Arabia	Riyal	3.653
Senegal	C.F.A. Franc	362.10
Seychelles	Rupee	6.2762
Sierra Leone	Leone	6.00
Singapore	Dollar	2.225
Solomon Islands	Dollar	1.6861
Somali Republic	Shilling	36.00
South Africa	Rand (f) Rand (c)	3.8095 2.3221
Spain	Peseta	144.45
Spanish ports in North Africa	Spanish Peseta	144.45
Sri Lanka	Rupee	27.92
Sudan Republic	Pound (o) Pound (k) (8) Pound (f) (4)	2.45 2.93 4.00
Surinam	Guilder	1.785
Swaziland	Lilangeni	2.3229
Sweden	Krona	7.246
Switzerland	Franc	1.879
Syria	Pound (o)	3.925
Taiwan	Dollar (o)	38.25
Tanzania	Shilling	25.60
Thailand	Baht	26.39
Togo Republic	C.F.A. Franc	362.10
Tonga Islands	Pa'anga	1.385
Trinidad & Tobago	Dollar Dollar (b)	2.409 3.60
Tunisia	Dinar	0.755
Turkey	Lira (5)	689.00
Turks & Caicos Islands	US $	1.00
Tuvalu	Australian Dollar	1.385
Uganda	Shilling	2458.30
United Arab Emirates	Dirham	3.673
United Kingdom	Pound Sterling*	1.503
Uruguay	Peso (m)	145.25
USSR	Rouble	0.7115
Vanuatu	Vatu	95.4288
Vatican	Lira	1558.50
Venezuela	Bolivar (g) Bolivar (g) (1) Bolivar (o)	7.50 4.30 19.34
Vietnam	Dong	12.3626
Virgin Islands (British)	US $	1.00
Virgin Islands (US)	US $	1.00
Yemen	Rial	8.515
Yemen PDR	Dinar	0.343
Yugoslavia	Dinar	376.59
Zaire Republic	Zaire	56.23
Zambia	Kwacha	7.121
Zimbabwe	Dollar	1.7036

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (er) EMS Realignment, April 86: Adjusted—DM +3%, DG +3%, FFr −3%, BFr +1%, DKr +1% (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (j) Public Transaction Rate. (k) Agricultural products. (1) Venezuela: For debts incurred prior to February 1983. (3) Brazil, 1 March 86: New currency introduced, 1 Cruzado—1000 Cruzeiros. (4) Sudan, 11 March 86: Pound readjusted. (5) Turkey, 15 March 86: Lira effectively devalued by 5.23%. (6) Libya, March 86: Dinar now pegged to the SDR. (7) Argentina, 24 April 86: Austral devalued by approx. 1.19% (8) Sudan, 14 April 86: Third exchange rate introduced. (9) Norway, 11 May 86: Krone devalued by approx. 12%
For further information please contact your local branch of the Bank of America.

Personal

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅛	98⅛	Treas 8½pc 1984-86‡‡	99⅛	..	8.51	9.93
102⅜	100⅛	Exch 14pc 1986	101⅜	–⅛	13.75	9.40
98⅜	94⅞	Exch 2½pc 1986	98⅜	+⅛	2.54	5.55
102⅜	100⅛	Exch. 13¼pc 1987	102⅜		12.95	9.43
100⅞	97⅜	Treas 10½pcCv '87	100⅜		10.19	9.33
97⅛	92⅜	Exch 2½pc 1987	97⅛	+⅛	2.57	6.34
101⅛	97½	Exch 10½pc 1987	101⅛	+⅛	10.39	9.12
98⅛	93⅜	Funding 6½pc '85-87‡‡	98⅛	–⅛	6.60	8.35
101⅛	96⅜	Treas. 10pc 1987	101xd	+⅛	9.90	8.98
96⅜	90⅞	Treas. 3pc 1987	96⅝	–⅛	3.10	6.16
104½	99⅛	Treas. 12pc 1987	104	+⅛	11.54	8.90
99⅛	92⅜	Treas 7¾pc 1985-88‡‡	99⅛	–⅛	7.81	8.26
104	96⅛	Exch 10½pc '88	103⅛		10.18	8.71
102⅛	95⅛	Treas 9½pc Cv '88	101⅛xd	–⅛	9.59	8.84
94⅛	86⅛	Transport 3pc '78-88	94⅛xd	+⅛	3.18	5.98
102½	93⅜	Treas. 9½pc '88	101⅛	–⅛	9.38	8.89
107⅜	98⅜	Treas 11½pc 1989	106⅜	–⅛	10.82	8.83
103½	93⅛	Treas 9½pc Cnv '89	102⅛	–⅛	9.31	8.66
92⅛	82⅜	Treas 3pc 1989	92⅛	+⅛	3.26	5.94
105⅜	95⅜	Treas 10½pc 1989	104⅛xd	–⅛	10.06	8.84
104⅜	96⅛	Exch 10pc 1989	103⅛	–⅛	9.70	8.85
107⅜	97	Exch 11pc 1989	106⅜	–⅛	10.36	8.79
93⅜	84½	Treas 5pc 1986-89	93⅛	–⅛	5.39	7.22
110⅜	94⅞	Exch 10¼pcCv '89	108⅝	–⅛	9.44	7.37
114⅜	103⅜	Treas 13pc 1990‡‡	112⅞	–⅛	11.52	8.77
106⅛	97⅛	Exch 11pc 1990‡‡	106⅞	–⅛	10.29	8.77
113⅛	101⅜	Exch 12½pc 1990	111⅞	–⅛	11.17	8.75
89⅛	79⅜	Treas 3pc 1990	89⅝	+⅛	3.35	8.35
100⅜	89⅛	Treas 8¼pc 1987-90‡‡	99⅜xd	–⅛	8.27	8.33
106⅛	93	Treas 10pcCv 1990	104⅛	–⅛	9.55	8.67
86	76⅛	Exch 2½pc 1990	86	+⅛	2.91	6.11
112⅜	99⅜	Treas 11¾pc 1991	110⅜	–⅛	10.59	8.81
94⅛	83⅜	Funding 5¾pc '87-91‡‡	94⅛	–⅛	6.11	7.20
		Treas 3pc 1991●	£86	....	3.49	6.34

Five to Fifteen Years

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
110⅝	96⅜	Exch. 11pc 1991	109⅝	–⅛	10.03	8.72
118⅛	103⅜	Treas 12¾pc 1992‡‡	117⅛		10.87	8.80
107⅛	92⅜	Treas 10pc 1992	105⅛	–⅛	9.46	8.69
109⅛	94⅜	Treas 10½pc Cv 1992‡‡	108	–⅛	9.72	8.74
117⅛	101⅜	Exch 12¼pc '92	115⅝	–⅛	10.59	8.93
123⅛	106⅜	Exch 13½pc 1992	121⅛	–⅛	11.12	8.97
108	92⅛	Treas 10pc 1993	106⅛	–⅛	9.41	8.77
120⅜	103½	Treas 12½pc 1993‡‡	118½	–⅛	10.55	8.93
92	78⅛	Funding 6pc 1993‡‡	91	+⅛	6.59	7.62
128⅛	109⅜	Treas 13¾pc 1993‡‡	125⅛	–⅛	10.98	9.02
133⅛	114⅜	Treas 14½pc 1994‡‡	130⅝	–⅛	11.10	8.93
127⅛	108⅛	Exch 13½pc 1994	124⅝	–⅛	10.83	9.06
122⅛	103⅜	Exch 12½pc 1994	119⅜	–⅛	10.46	9.08
104	86⅛	Treas 9pc 1994‡‡	101⅛	–⅛	8.88	8.76
120⅛	101½	Treas 12pc 1995	116⅝	–⅛	10.29	9.17
78⅛	68⅛	Gas 3pc '90-95	77⅛	–⅛	3.86	6.30
110⅛	92⅛	Exch 10¼pc 1995	107⅛	–⅛	9.56	9.06
126⅛	106⅛	Treas 12¾pc 1995‡‡	122⅝	–⅛	10.40	9.12
133⅛	113	Treas 14pc '96	129⅛	–⅛	10.79	9.26
103⅞	86⅛	Treas 9pc 1992-96‡‡	100⅛	–⅛	8.93	8.82
142⅛	120⅜	Treas 15¼pc 1996‡‡	138⅝	–⅛	11.00	9.22
130½	110	Exch 13¼pc 1996‡‡	126½	–½	10.47	9.14
84½	74⅛	Redemption 3pc 1986-96	83½	–⅛	3.59	5.07
106⅞	106	Conversion 10pc 1996	106⅛	–⅛	9.41	9.05
131⅛	110⅜	Treas 13¼pc 1997‡‡	127⅛	–½	10.40	9.17
112⅛	94⅛	Exch 10½pc 1997	109⅛	–⅛	9.59	9.09
101⅛	84⅛	Treas 8¾pc 1997‡‡	98⅛	–½	8.89	8.97
143	120⅛	Exch 15pc 1997	138⅞	–½	10.80	9.37
107⅞	89⅜	Exch 9¾pc 1998	104⅛	–½	9.34	9.13
88⅛	72⅛	Treas 6¾pc 1995-98‡‡	85⅝	–⅛	7.88	8.71
148⅞	125⅛	Treas 15½pc '98‡‡	144⅛	–⅛	10.71	9.31
124⅛	103⅜	Exch 12pc 1998	120⅛	–½	9.98	9.23
107⅛	89⅜	Treas 9½pc 1999‡‡	103⅝	–⅛	9.17	9.01
126½	105⅜	Exch 12¼pc 1999	122½	–⅛	10.00	9.21
116	94⅜	Treas. 10½pc 1999	110½	–⅛	9.50	9.10

BUILDING, TIMBER, ROADS—Cont

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
564	468	Costain Group	558xd	+4	17.0	2.7	4.3	10.1
443	296	Countryside Props	413	–7	5.74	5.1	1.8	11.2
156	124	Crouch (D.) 20p	134	–2	5.93	2.3	6.2	9.8
104	84	Dew (George) 25p	102	+4	6.0	1.2	8.3	14.4
108	75	Douglas (Robt. M.)	98	–5	11.75	2.6	2.5	17.4
23	19	Dunton Group 5p	20½	+½	10.24	4.3	1.7	15.7
200	155	EBC 50p	160		7.15	2.5	6.3	8.9
96	63	Erith	94		3.3	♦	4.9	♦
154	106	Fairbriar 10p	152		R4.0	2.7	3.7	14.0
88	77	Feb Intl. 10p	80		1.78	—	3.2	—
71	54	Do. 'A' 10p	56	–2	1.78	—	4.5	—
138	51	Federated Housing 5p	137	–1	3.3	3.0	3.4	13.9
66	56	Finlan Group 10p	56		g3.09	0.9	9.6	21.8
93	79	Galliford 5p	90		4.4	1.5	6.9	14.0
48	27	Gibbs Dandy A 10p	48		1.8	2.0	5.3	13.1
376	254	Gleeson (M.J.) 10p	363xd	–5	15.37	5.4	2.1	12.5
113	94	HAT Group 10p	104		†3.7	2.3	5.0	10.4
209	56	Helical Bar	209	+16	—	—	—	88.3
258	195	Henderson Group	227	–3	7.0	♦	4.4	♦
79	44	Newden-Stuart 10p	71xd	+1	1.7	3.0	3.4	12.5
£210	£130	Do 10pcLn 03-08	£192		Q10%	—	5.3	—
216	134	Heywood Williams	216	+2	b6.75	2.0	4.4	13.9
622	430	Higgs & Hill	555		13.6	♦	3.5	♦
39	29	Howard Shut 10p	33	–1	d1.4	1.6	6.0	12.5
198	132	Ibstock Johnsen	182	–6	4.8	2.5	3.7	13.3
115	40	Intnl Amco Con	50	–5	—	—	—	—
360	270	Jarvis (J.)	360	+20	†17.5	—	—	—
46	22	Javelant	45		0.25	3.9	0.8	34.8
115	92	Jennings AS 50	110	+5	Q20c	2.1	4.4	10.9
88	75	Johnstones Pts. 10p	78		4.27	2.1	7.7	8.8
£151	£68	Lafarge Cop F100	£111	–8	Q23.35%	1.5	1.9	34.7
450	296	Laing (John)	445	–2	7.0	5.1	2.2	12.5
300	265	Latham (J.) £1	290		13.25	1.8	6.4	10.2
104	74	Lawrence (W.)	92	–2	3.65	3.0	5.8	7.1
128	124	Do 8.5pc CnvPdPf £1	127	+2	08%	—	6.3	—
91	71	Lilley (F.J.C.)	74xd	–1	3.82	1.9	7.3	9.6
140	93	Lon & Clydeside	136		5.6	2.0	5.8	12.1
428	290	Lovell (Y.J.)	413	+1	7.0	3.8	2.4	14.6
434	305	McAlpine (Alfred)	418		d12.5	2.8	4.2	11.9
330	230	McCarthy & Stone 20p	265		G2.72	5.0	1.5	19.4
160	110	McLaughlin & H	140		7.0	♦	7.0	♦
196	128	Magnet & Southerns	162	–4	4.7	1.7	4.1	20.4
273	177	Manders (Hldg)	270	–2	8.1	2.1	3.9	15.9
198	160	Marshalls Halifax	170		†5.0	2.3	4.1	13.2
180	144	Maunders (John) 20p	177	+2	†4.5	3.8	3.6	10.4
137	97	May & Hassell	120	–2	3.75	—	4.4	—
261	171	Meyer Int	260	–1	†5.25	3.5	2.8	13.9
27	23	Miller (Stan) 10p	26	+1	a1.0	—	2.7	—
129	109	Monk (A)	112		6.5	1.3	8.2	13.0
440	308	Mowlem (J)	360	–4	M16.0	2.2	6.3	12.8
920	790	Newarthill £1	870xd		s11.0	4.4	1.8	17.8
213	160	Nottingham Brick	210		6.5	2.1	4.4	15.7
234	118	Persimmon 10p	216	–2	5.25	3.4	3.5	11.9
112	68	Phoenix Timber	92		3.0	—	4.6	—
410	285	Pochins	380		12.9	3.9	4.8	6.7
142	90	Polypipe 10p	120	+2	hL1.45	2.8	1.7	29.8
672	442	RMC	654	–4	14.0	3.1	3.0	15.2
58	21	Raine Inds. 10p	53½		†0.75	0.5	2.0	—
106	85	Ramus	85	–2	†5.25	1.2	8.7	13.3
481	342	Redland	427	–9	11.55	♦	3.9	♦
£410	£232	Redland (£ Wrrnts)	£344	–6	—	—	—	—
258	148	Roberts Adlard	250	+5	7.0	1.8	3.9	20.3
46	32	Rowlinson 10p	40		0.65	6.4	2.3	7.3
319	188	Ruberoid	310	+5	8.6	3.2	3.9	11.1
191	134	Rugby P. Cement	167	–1	6.4	1.3	5.4	18.1
374	228	SGB Group	342		†7.5	2.4	3.1	18.6
106	88	Sharpe & Fisher	106		2.35	2.8	3.1	16.6

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

LEISURE

INSURANCES

MOTORS, AIRCRAFT, TRADES

Motors and Cycles

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

OIL AND GAS

TIMBER

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

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Australians

Miscellaneous

OVERSEAS TRADERS

PLANTATIONS

REGIONAL & IRISH STOCKS

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هكذا من الاصل

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Share placing aggravates fund-raising fears and markets move lower

A major share-placing exercise together with two smaller calls for cash unsettled markets yesterday, ensuring that prospective buyers kept their distance during the penultimate session of an extended trading Account. News of *ITT's decision to sell its remaining 51.8 per cent holding of some 145m shares in UK insurance group Abbey Life was made known* at the opening. The shares were placed with various investment institutions at 190p per share but it took some three hours for the deal to be completed.

In the intervening period the market became nervous. Most blue chips followed the reaction in Abbey Life, finally 22 lower at 194p, although the downturn mainly reflected jobbers marking prices down than any weight of *selling. Conditions were created* for rumours to thrive and the chief fear was of further fund-raising proposals being in the pipeline. Speculation increased of a vendor placing from Cadbury Schweppes to help finance the proposed acquisition of Canada Dry.

The favourable effects of the Chancellor's forecast of rigorous *economic* growth and good profits statements from industry leaders including **Courtaulds** and **Boots** were lost on the market. Similarly a further easing in period money market rates coupled with the OECD forecast of UK base rates of *8½ per cent next year failed to* restore investment confidence.

Hopes that the latest US leading indicators — announced in the early afternoon — would stimulate fresh upward progress on Wall Street imparted some stability *until the US market opened on* an easier note. FT indices then gave more ground before eventually edging away from the lowest levels, the Ordinary share index closing 11.6 down at 1326.8, after 1325.0. The broader-based FT-SE 100 share index ended 15.8 lower at 1609.0.

The drain on market resources *also restrained interest in* Gilt-edged securities. Jobbers took their cue from US bonds, which weakened noticeably overnight, and opened prices lower. Small demand brought an immediate recovery but the business soon dried up and sellers assumed command. From then onwards longer maturities eased persistently, *some to show closing losses* stretching to ⅞. The shorts were more resilient and displayed only marginal falls, while index-linked issues shed ⅛ in places. Applications for the new low-coupon stock, Treasury 3 per cent 1991 were allotted in full and dealings begin this morning.

Insurances weak

Insurances were overshadowed by the Abbey Life placing. **Prudential** were quoted ex rights issue at 783p, down 10, with the new nil-paid shares closing at 180p premium, after 190p premium. **Pearl** relinquished ⅛ at £13¼ and **London and Manchester** gave up 7 at 733p, while **Equity and Law**, 265p, and **Legal and General**, 763p, lost 5 apiece. Falls among Composites ranged to 10 with **General Accident** and **Sun Alliance** both that much lower at *822p and 665p respectively.*

Gerrard and National were marked down to 335p on details of *the proposed £22.1m rights issue* which accompanied the preliminary figures, but later rallied to *finish only a few pence easier on* balance at 345p. **Union Discount** fell 15 to 730p in sympathy. Clearing banks failed to extend Wednesday's rally. **Lloyds** lost 10 at 558p and **Midland** declined 6 to 532p, while **Barclays** gave up 5 at 503p. *Elsewhere.* **Chancery Securities** lost 5 to 90p following the annual results, while **Compagnie Bancaire** continued to reflect the sharp decline on the French bourse with a fresh fall of 5¼ points to £99¾.

Communications group *Charles* **Barker** staged a satisfactory market debut; the shares, offered at *150p, opened at 155p and traded* briskly up to 161p before closing at 156p.

Firm in recent days on cheaper money hopes, leading Buildings turned easier in the absence of further buying interest. **Blue** *Circle came back 14 to 678p and* **Tarmac** slipped 6 to 470p. **Redland** revealed annual profits broadly in line with estimates, but the price fell 9 to 427p. Secondary issues displayed a bright feature in engineering and property development group *Helical Bar which* attracted strong support ahead of next Wednesday's annual meeting and rose 16 to 209p. **J. Smart** firmed 3 to 81p in reply to the increased interim dividend and profits forecast, while **J. Jarvis** rose 20 to 360p in a restricted market.

Among Chemicals, **Coalite** rose 7 *to 267p following comment on the* better-than-expected annual results, but **British Benzol** encountered nervous offerings in front of the annual figures expected shortly and fell 7 to 79p. **ICI** slipped to 884p before picking up to close 9 higher on *balance* at 899p.

Mail orders flat

The cautious tenor of the chairman's statement at the annual meeting unsettled South London-based mail order house **Freemans**, finally 14 cheaper at 400p. **Grattan**, 8 off at 404p, and **Empire**, 6 lower at 188p, both gave ground in sympathy. With the exception of Sears, another 2 to the good at 135p amid persistent takeover speculation, leading Retailers lost most of the gains established on Wednesday. **Woolworth**, still awaiting further developments in the *Dixons* bid situation, eased 10 to 845p, after 835p; the latter shed 6 to 336p. **Burton** closed 6 off at 296p. **Harris Queensway** *dipped 12 to 244p with* the new nil-paid 8 down at 19p premium as the rump of the rights issue was placed at 15p per share. Elsewhere, **Martin Ford** rallied 6 to 70p reflecting new-time support on revived hopes of imminent news regarding the approaches made to the company in February.

Secondary Electricals were fea*tured by a steep fall in* **Process Systems** which plummeted 42 to 58p in reaction to the Board's profits warning. **Air Call**, meanwhile, continued to reflect the poor preliminary figures with a fresh decline of 15 at 232, while **International Signal and Control** came on offer at 285p, down 8. **Electronic Machine**, on the other hand, firmed 8 at 83p and **Cifer** edged forward a couple of pence to 13½p following speculative buying. **Webber** added 7 at 107p for the same reason, while **Phicom** rose 3 to 30p prior to the company's late announcement that discussions are in progress which might lead to the sale of one of its subsidiaries.

Several secondary Engineering stocks moved against the trend. Revived speculative buying prompted a rise of 12 in **Hall**, at 226p, and a gain of 7 in **Woodhouse and Rixson**, at 87p. **Bromsgrove** added 9 at 117p, while **Cronite** appreciated 5 at 71p. **Richardson Westgarth** rose 3 to 35p in reply to the reduced annual deficit.

Leading Foods made a dull showing. **Cadbury Schweppes** shed 4 to 164p on rumours of a fund raising exercise in the offing, while **Rowntree Mackintosh** drifted back 10 to 473p. Profit-taking in the wake of the annual results left **Tesco** *13 lower at 365p.*

Elsewhere, **S. & W. Berisford** hardened 3 to 230p, after 231p on the announcement that Hillsdown *had decided not to proceed with* its offer following the reference to the Monopolies Commission and had sold its 14.7 per cent stake in Berisford to Ferruzzi of Italy increasing the latter's holding to 23.74 per cent. **Hillsdown** settled 5 cheaper at 270p, but **Bassett** revived on Hillsdown takeover hopes and closed 5 better at 190p. **Freshbake** shed 6 to 88p despite revealing more-than-doubled annual profits.

A weak Hotel sector showed **Grand Metropolitan** 11 down at 392p, after 390p, as bid hopes continued to fade.

Rank Org. lower

The miscellaneous industrial leaders were featured by a fall of 17 to 553p, after 550p, in **Rank Organisation** *following a broker's* profits downgrading. **Boots** touched 267p in initial response to the better-than-expected annual results before reacting in sympathy with the general dull trend to close a few pence off on balance at 260p. **Beecham**, still reflecting adverse comment, lost 9 more to 386p, while falls of 8 and 10 re*spectively were seen in BTR, 315p,* and **Glaxo**, 980p. **Pilkington**, however, advanced 16 to 431p, af*ter 433p, as investors showed an* increased interest ahead of the results due on June 11 and **Reed International** gained 8 to 823p ahead of Wednesday's preliminary figures. Elsewhere, **Lep** dropped 7 to 283p on news of the prop*osed £14.5m rights issue and* **Sandhurst Marketing** gave up 5 to 84p following the disappointing *annual results.* **Metal Closures** initially eased to 184p in the absence of the widely-rumoured bid from John Waddington, but later rallied to finish a few pence higher on balance at 193p. **Siebe**, currently bidding for APV, jumped 50 to 940p in response to the bumper preliminary profits; **APV** hardened a few pence to 573p. *Acquisition details helped* **Cannon Street Investments** improve to 135p before profit-taking left a close of 127p, a penny dearer on balance.

Brent Walker were an outstanding feature in Leisures and raced up 11 to 160p following talk *of a broker's imminent bullish* circular.

The proposed flotation of its Euromoney subsidiary continued to direct attention to **Associated Newspapers**, 3 up for a gain of 13 so far this week at 288p. As expected, *Saatchi and Saatchi revealed a* substantial increase in first-half profits, but the shares, up to 800p in immediate response to the news, settled a few pence cheaper on balance at 785p.

Among Properties, **Percy Bilton** attracted speculative demand on hopes of a bid from Clayform and rose 12 to 278p; Clayform con*firmed that it had acquired a 3.47* per cent stake on Wednesday. **Alfred Walker** gained 20 more to 140p on news that Mr Peter De Savary had increased his holding to around 25 per cent, but **Belgrave Holdings**, sharply higher on Wednesday on the announcement that International Securities AG had increased its holding to 29.99 *per cent, fell back on profit-taking* to close 13 lower on balance at 112p.

Courtaulds touched 292p in immediate response to preliminary profits at the top end of market estimates, but later drifted to close a net 3 cheaper at 280p reflecting less-than-enthusiastic notices emanating from the subse*quent analyst's meeting.* **Dawson International** fell 8 to 236p.

Among Tobaccos, **Bats** dipped 7 to 378p following the annual meeting.

Financials highlighted **M & G Group**, finally 70 higher at 880p in response to the sharply increased interim profits and proposed 3-for-1 scrip issue. A sizeable two-way *business developed in* "shell" situation **NMC Investments**, 5 dearer at 125p.

Oils lose ground

A further fall in crude oil spot prices and a flurry of US selling, the latter triggered by the initial decline on Wall Street, led to a general retreat by the oil majors which closed at the day's lowest levels. **BP** settled 11 off at 574p and **Shell** retreated 12 to 795p. **Britoil** lost 7 to 175p. **LASMO** 5 to 117p and **Enterprise** 3 to a year's low of 116p. *Ultramar*, on the other hand, improved 5 to 175p following news that Ron Brierley's *IEP Securities has increased its stake* in the company to around 26.5m shares or 9.67 per cent of the *issued capital.* Elsewhere, **First-land Oil and Gas** edged up 2 to 43p in the wake of news that Coast *Investment and Development* has acquired a 6.84 per cent stake in the company.

Harrisons and Crosfield dropped 15 for a two-day decline of 24 to 360p following the poor Press reception given to the annual results. Elsewhere in Overseas Traders, **Polly Peck** staged an early advance to a year's high of 213p but subsequently attracted widespread profit-taking ahead of today's interim figures to close a net 7 lower at 201p.

Grand Central provided an outstanding *feature* in Plantations and jumped 5 to a 1986 high of 42½p reflecting asset injection hopes.

The recent shake-out in South African mining markets that followed the cross-border raids into neighbouring countries looked to have run its course during early trading. Share prices were quietly mixed at the opening, underpinned by a steady bullion price and a reasonably firm showing by the Rand. *Little interest* was shown in the sector until the early afternoon when rumours that a South African insurance company had run into financial difficulties began to circulate. Speculation that a South African bank could incur *substantial* losses through its involvement was quickly followed by persistent cape selling of many issues. Dealers lowered prices across the board and earlier gains were turned into minor falls.

A strong and sustained advance by overnight Sydney and Melbourne markets led to a wide*spread mark-up of Australians at* the outset of trading in London. **BHP** were particularly outstanding amid rumours of an increasd bid from **Bell Resources** and jumped 20 to 422p.

Traded Options

Activity in Traded Options, boosted on Wednesday by the expiry of the May series, returned to more sedate levels. Total contracts struck amounted to 16,659. The FT-SE 100 index contributed 1,457 calls and 652 puts.

FINANCIAL TIMES STOCK INDICES

	May 29	May 28	May 27	May 23	May 22	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	92.24	92.47	92.45	91.36	92.15	81.24	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.15	97.363	97.36	97.26	97.19	86.02	97.51 (22/4/86)	86.55 (23/1/86)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1326.8	1338.4	1324.8	1331.4	1316.4	1004.6	1425.9 (3/4/86)	1094.3 (14/1/86)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	222.2	222.9	232.1	237.6	228.3	461.4	357.0 (27/1/86)	222.2 (29/5/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.16	4.13	4.17	4.14	4.19	4.61				
Earnings Yld.%(full)	10.31	10.24	10.34	10.28	10.37	11.58				
P/E Ratio (net) (*)	11.86	11.95	11.83	11.89	11.79	10.54				
Total Bargains (Est.)	27,256	23,801	18,887	25,023	26,527	22,643				
Equity Turnover £m.	—	754.70	412.29	543.87	480.98	338.60				
Equity Bargains	—	23,055	21,050	23,781	21,097	20,661				
Shares Traded (ml).	—	348.1	194.1	244.1	204.7	176.6				

S.E. ACTIVITY

Indices	May 28	May 27
Gilt Edged Bargains	137.8	125.6
Equity Bargains	149.4	136.4
Equity Value	1525.4	833.7
5-Day Average		
Gilt Edged Bargains	147.3	155.4
Equity Bargains	143.5	141.5
Equity Value	1067.7	922.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1336.6	1337.1	1330.3	1325.3	1325.4	1325.1	1325.0	1325.9

Day's High 1338.5. Day's Low 1325.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.45.

LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (88)

BRITISH FUNDS (9). CORPORATION LOANS (1). AMERICANS (17). CANADIANS (3). BANKS (1). BREWERS (2). BUILDINGS (4). CHEMICALS (2). STORES (1). ELECTRICALS (7). ENGINEERING (3). *INDUSTRIALS (9). INSURANCE* (1). LEISURE (2). MOTORS (2). PAPER (2). PROPERTY (5). SHIPPING (1). SHOES (1). TEXTILES (2). TRUSTS (10). OVERSEAS TRADERS (2). PLANTATIONS (1).

NEW LOWS (23)

AMERICANS (1) Allied Signal. **BANKS (1)** First Natl Fin 6.3pcCnvCmRdPf. **STORES (1)** Oliver (G.) A. **ELECTRICALS (2)** Norbain Elec, Process Systems Inc. **ENGINEERING (1)** SPP. **HOTELS (1)** Aberdeen Steak Houses. **INDUSTRIALS (1)** Jacksons Bourne End. **LEISURE (1)** Riley Leisure. **OILS (3)** Enterprise Oil, KCA Drilling, New London Oil. **MINES (11)** Kinross, Leslie Gold, Marievale Cons, Libanon, Zandpan, *FS Cons Gold*, Genbel, Gold Fields SA, OFS Invs, Windsor Res, Ayer Hitam.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the *Financial Times*, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thurs May 29 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed May 28 Index No.	Tues May 27 Index No.	Fri May 23 Index No.	Year ago (approx.) Index No.
1	**CAPITAL GOODS (214)**	724.57	−0.4	8.27	3.38	15.37	7.67	727.56	722.14	722.26	546.43
2	Building Materials (26)	805.65	−0.6	8.43	3.49	15.06	7.97	810.36	800.87	801.70	536.32
3	Contracting, Construction (29)	1194.23	−0.1	7.85	4.01	17.18	18.46	1195.90	1179.58	1174.49	770.20
4	Electricals (12)	1934.83	−0.1	7.66	3.93	17.34	29.92	1936.06	1935.75	1939.85	1511.38
5	Electronics (38)	1668.82	+0.4	8.90	2.76	14.91	9.74	1662.07	1662.24	1668.12	1544.05
6	Mechanical Engineering (64)	408.46	−0.5	9.33	3.89	13.58	5.77	410.38	410.75	410.91	310.84
8	Metals and Metal Forming (7)	351.52	+0.2	7.43	4.83	17.49	4.35	350.98	348.94	349.93	198.26
9	Motors (16)	292.69	−0.4	9.03	3.30	12.89	3.33	293.81	290.33	289.31	162.82
10	Other Industrial Materials (22)	1313.62	−1.6	6.30	3.02	19.05	13.80	1334.71	1309.76	1306.33	985.43
21	**CONSUMER GROUP (183)**	903.45	−1.2	7.81	3.18	16.04	8.18	914.48	904.73	907.91	666.80
22	Brewers and Distillers (22)	923.82	−1.5	9.34	3.47	13.00	7.20	937.94	920.90	932.53	606.59
25	Food Manufacturing (22)	661.86	−0.9	9.43	3.91	13.80	9.37	667.96	662.09	663.52	504.41
26	Food Retailing (15)	1844.22	−1.9	6.69	2.64	20.32	7.73	1879.09	1884.57	1880.17	1591.17
27	Health and Household Products (10)	1506.30	−1.2	5.58	2.23	21.09	6.52	1523.92	1511.69	1521.85	1095.54
29	Leisure (25)	870.63	−1.0	8.04	4.04	16.18	14.01	879.82	871.00	869.69	692.64
32	Publishing & Printing (14)	2365.48	+0.2	7.10	4.00	17.98	28.02	2360.72	2353.46	2347.48	1773.99
33	Packaging and Paper (14)	455.98	—	7.56	3.46	16.56	4.29	456.09	449.95	455.42	326.78
34	Stores (42)	886.67	−1.3	6.46	2.66	21.04	5.27	897.93	883.91	884.41	646.68
35	Textiles (17)	535.16	−0.7	8.93	3.54	12.88	4.52	539.01	535.02	538.57	330.83
36	Tobaccos (2)	1059.03	−1.8	13.48	4.60	8.31	20.60	1078.35	1063.90	1064.31	828.37
41	**OTHER GROUPS (86)**	793.07	−0.5	8.43	3.73	15.17	6.38	797.35	793.54	796.77	714.36
42	Chemicals (19)	863.91	+0.5	10.61	4.70	11.42	16.72	860.02	856.01	863.40	775.87
44	Office Equipment (4)	272.26	−2.6	7.17	3.73	16.86	4.53	279.54	277.52	275.67	185.09
45	Shipping and Transport (12)	1544.89	−0.5	8.45	4.00	14.41	21.67	1552.07	1563.64	1574.40	1152.92
47	Telephone Networks (2)	905.69	−1.0	9.18	3.57	15.07	0.93	914.63	911.97	924.55	892.31
48	Miscellaneous (49)	1038.57	−0.5	6.21	3.20	19.85	6.73	1043.32	1034.60	1021.59	888.80
49	**INDUSTRIAL GROUP (483)**	839.88	−0.8	8.08	3.36	15.64	7.73	846.97	839.85	842.18	655.66
51	Oil & Gas (17)	1203.58	−1.6	16.97	7.49	7.04	40.53	1223.48	1219.02	1219.28	1151.07
59	**500 SHARE INDEX (500)**	872.24	−0.9	9.03	3.80	13.84	10.29	880.35	873.40	875.58	697.40
61	**FINANCIAL GROUP (116)**	591.04	−0.8	—	4.44	—	9.19	595.87	589.74	591.43	468.46
62	Banks (7)	626.12	−0.9	18.72	5.42	7.41	14.03	631.68	623.79	624.68	464.58
65	Insurance (Life) (9)	815.69	−1.9	—	4.58	—	17.27	831.75	816.17	818.48	713.00
66	Insurance (Composite) (7)	486.36	−1.0	—	4.26	—	8.00	491.12	485.20	488.02	353.94
67	Insurance (Brokers) (8)	1175.37	−1.2	8.90	4.08	14.59	20.59	1189.93	1183.38	1186.57	1145.03
68	Merchant Banks (11)	348.30	—	—	3.14	—	1.60	348.41	346.58	349.24	226.86
69	Property (51)	761.41	−0.3	5.47	3.47	24.04	4.13	763.36	760.51	761.31	628.70
70	Other Financial (23)	344.94	+0.5	7.95	4.44	15.43	2.87	343.25	341.52	342.30	286.68
71	Investment Trusts (103)	748.44	−0.1	—	2.97	—	5.78	749.11	742.99	742.10	597.37
81	Mining Finance (3)	283.94	+0.4	12.61	5.62	9.25	6.11	282.82	282.22	284.66	283.46
91	Overseas Traders (14)	689.31	−1.7	11.94	6.08	9.97	11.72	701.43	701.91	700.42	666.03
99	**ALL-SHARE INDEX (736)**	791.45	−0.9	—	3.90	—	9.77	798.32	791.82	793.73	634.87

	Index No.	Day's Change	Day's High	Day's Low	May 28	May 27	May 23	May 22	May 21	Year ago
FT-SE 100 SHARE INDEX ‡	1609.0	−15.8	1622.8	1606.7	1624.8	1612.1	1617.4	1598.8	1591.9	1314.7

FIXED INTEREST

	PRICE INDICES	Thurs May 29	Day's change %	Wed May 28	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	124.64	−0.02	124.66	—	4.64
2	5-15 years	146.46	−0.30	146.91	—	4.58
3	Over 15 years	153.30	−0.53	154.11	—	5.67
4	Irredeemables	172.33	−0.29	172.84	—	6.07
5	All stocks	141.49	−0.25	141.85	—	4.83
	Index-Linked					
6	5 years	113.40	−0.21	113.64	—	0.81
7	Over 5 years	120.41	−0.14	120.57	—	1.21
8	All stocks	119.14	−0.15	119.32	—	1.14
9	Debentures & Loans	122.01	−0.21	122.27	—	4.76
10	Preference	89.54	+0.05	89.49	—	2.97

	AVERAGE GROSS REDEMPTION YIELDS		Thurs May 29	Wed May 28	Year ago (approx.)
	British Government				
1	Low	5 years	7.58	7.57	10.41
2	Coupons	15 years	8.74	8.70	10.73
3		25 years	8.76	8.71	10.39
4	Medium	5 years	8.86	8.81	11.46
5	Coupons	15 years	9.07	9.01	10.99
6		25 years	9.08	9.02	10.54
7	High	5 years	8.98	8.95	11.55
8	Coupons	15 years	9.22	9.15	11.15
9		25 years	9.15	9.09	10.70
10	Irredeemables †		8.67	8.64	10.14
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.61	3.51	0.0
12	Inflat'n rate 5%	Over 5 yrs	3.27	3.26	0.0
13	Inflat'n rate 10%	5 yrs	2.43	2.33	0.0
14	Inflat'n rate 10%	Over 5 yrs	3.11	3.10	0.0
15	Debs &	5 years	10.08	10.07	11.91
16	Loans	15 years	10.05	10.02	11.76
17		25 years	10.02	9.98	11.62
18	Preference †		10.72	10.73	12.52

‡Opening index 1622.1; 10 am 1620.3, 11 am 1613.1; Noon 1608.6; 1 pm 1607.3; 2 pm 1606.9; 3 pm 1606.7; 3.30 pm 1607.7; 4 pm 1607.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	194	−22
Barker (Charles)	156	—
Boots	260	− 3
BP	574	−11
Courtaulds	280	− 3
Gerrard & Natl.	345	− 3
Ladbroke	328	− 6
Metal Closures	193	+ 3
Pilkington Bros.	431	+16
Prudential Nil-pd.	180pm	—
Siebe	940	+50
Wolv. & Dudley Brew	505	+ 3

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange *Offical List.*

Stock	No. of changes	Wed. close	Day's change
Guinness	17	310	+15
Prudential	17	832	+22
Allied-Lyons	16	337	+17
Cable & Wire.	16	650	+10
BTR	14	323	+ 7
Marley	14	132	+10½
Pearson	14	453	+ 8
Sears	14	133	+ 6
Thorn EMI	14	472	+15
Beecham	13	395	+ 2
Hanson Trust	13	187	+ 3
Imperial Group	13	371	+ 8

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$360	15	5.90	—	—	—	—	$343.20
GOLD C	$380	10	1.70	—	—	—	—	"
GOLD P	$320	—	—	12	3.10	—	—	"
GOLD P	$330	18	3.50	—	—	—	—	"
GOLD P	$360	20	18	20	16	—	—	"
		June		**Sep.**		**Dec.**		
£/FL C	Fl.380	13	6.80	3	8.50	—	—	Fl.386
£/FL C	FL395	—	—	20	2.60	—	—	"
£/FL P	FL390	—	—	11	12.50	—	—	"
£/FL P	Fl.415	—	—	30	34.50	—	—	"
$/FL C	Fl.245	5	12.80B	22	15	—	—	Fl.257.85
$/FL C	Fl.250	342	8.70	11	11.50	30	13.50B	"
$/FL C	Fl.255	383	5.20A	13	9	—	—	"
$/FL C	Fl.260	458	2.40	17	6.50B	2	8.50	"
$/FL C	Fl.265	178	1	5	4.50	—	—	"
$/FL C	Fl.270	200	0.40	40	3.20A	—	—	"
$/FL C	Fl.275	—	—	23	2	—	—	"
$/FL C	Fl.280	—	—	—	—	10	3.10	"
$/FL P	Fl.235	162	0.10	1	1.70	—	—	"
$/FL P	FL240	134	0.30	—	—	2	5A	"
$/FL P	Fl.245	10	0.50	41	3.50	—	—	"
$/FL P	Fl.250	182	1.30	48	5.50A	30	8.20	"
$/FL P	FL255	22	2.80A	20	7.20	60	10.50	"
$/FL P	FL260	48	5.20	1	9.30	—	—	"
$/FL P	Fl.265	6	9A	60	13A	30	16	"
$/FL P	Fl.275	5	18	—	—	2	23.50	"
		July		**Oct.**		**Jan.**		
ABN C	Fl.600	244	14	50	24	19	32	Fl.586
ABN P	Fl.560	86	4.90	—	—	1	17	"
AEGN C	FL115	394	4.50	56	7.50	2	9.20	Fl.112.40
AEGN P	FL120	68	9.10	15	10.60	—	—	"
AH C	Fl.85	231	3.10	49	5.60	20	6.80	Fl.82.90
AH P	Fl.80	92	2.20	19	4	—	—	"
AKZO C	FL180	503	3.70	108	8.90	20	12.20	Fl.173.20
AKZO P	Fl.170	65	3.70A	346	6.40	13	8.50	"
AMEV C	Fl.75	122	10	—	—	—	—	Fl.84.20
AMEV P	Fl.80	45	2	47	3.50	—	—	"
AMRO C	Fl.120	223	2.30	184	5	3	6	Fl.113.50
AMRO P	Fl.115	106	5	2	7.30	—	—	"

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. r Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment price. ‡ Unlisted securities market. †† Dealt in under Rule 535 (3). ● Dealt in under 535 (4) (a) ¶¶ Official London listing.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22
June 23	July 4	Sept 25	Oct 6

For rate indications see end of Unit Trust Service

Stocks favoured for the call included **Lasmo, Burton, North Sea and General, Berkeley and Hay Hill, Dares Estates, Amstrad, Premier Oil, M.K. Electric, Spong, Ryan International, Marley, FKI,** and **Rockware**. No puts were reported but a double was done in **Amstrad**.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	33	85	4
Corpns. Dominion & Foreign Bonds	5	26	50
Industrials	224	397	877
Financial & Props	96	99	381
Oils	15	31	73
Plantations	1	1	13
Mines	37	99	104
Others	60	60	79
Totals	471	798	1,581

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*331)	300	45	65	77	6	10	18
	330	23	42	52	18	23	33
B.P. (*576)	500	88	98	105	3	8	14
	550	45	62	70	10	23	32
	600	14	28	38	30	42	52
Cons. Gold (*447)	420	47	62	70	9	15	25
	460	21	45	54	32	40	45
	500	9	25	32	65	67	72
Courtaulds (*287)	240	48	58	—	2	4	—
	260	29	43	57	4	10	17
	280	20	31	40	15	20	26
	300	9	17	—	25	31	—
Com. Union (*312)	300	24	33	44	9	15	17
	330	9	18	27	24	29	32
	360	4	9	17	49	52	53
Cable & Wire. (*638)	600	67	90	115	8	20	35
	650	43	70	85	27	43	60
	700	18	42	65	70	80	85
	750	6	22	45	115	125	130
Distillers (*658)	550	150	165	—	1½	3	—
	600	100	120	—	4	10	—
	650	55	90	—	8	22	—
	700	30	45	—	30	50	—
G.E.C. (*198)	160	44	52	—	2	3	—
	180	26	34	42	4	7	10
	200	12	20	28	10	14	18
	220	4	10	18	24	26	30
Grand Met. (*390)	382	32	45	—	9	25	—
	390	—	—	60	—	—	37
	420	15	27	45	37	45	50
I.C.I. (*890)	850	67	90	120	17	30	37
	900	35	60	85	30	50	60
	950	18	37	62	72	77	87
	1000	9	20	—	117	127	—
Land Sec. (*318)	280	42	48	—	2	4	—
	300	22	34	44	4	8	12
	330	8	16	23	18	22	25

WORLD STOCK MARKETS

AUSTRIA

May 28	Price Sch.	+ or −
Creditanst'lt pc	2,393	−43
Goesser	3,450	−50
Interunfall	14,603	
Jungbunzlauer	19,503	
Laenderbank	2,230	
Perlmooser	655	−30
Steyr Daimler	176	
Veitscher Mag	21,150	−50

BELGIUM/LUXEMBOURG

May 29	Price Frs.	+ or −
B.B.L.	3,070	
Banq. Gen. Lux	15,600	
Banq. Int.A.Lux	16,800	−500
Bekaert	12,500	−150
Ciment CBR	5,740	
Cockerill	153	
Delhaize	13,100	
EBES	4,410	−10
Electrobel	14,975	−325
Fabrique Nat	2,410	−10
GB Inno BM	7,300	−50
GBL (Brux)	3,210	−10
Generale Bank	6,370	−30
Gevaert	6,050	−130
Hoboken	7,250	−25
Intercom	3,600	−30
Kredietbank	18,025	−250
Pan Hldgs	11,150	−100
Petrofina	7,850	−65
Royale Belge	23,100	900
Soc. Gen. Belge	2,945	−25
Sofina	10,000	−100
Solvay	8,120	−30
Stanwick Intl	460	
Tractionel	6,140	−10
UCB	7,550	−10
Wagons Lits	9,980	−20

DENMARK

May 29	Price Kr %	+ or −
Andelsbanken	360	−7
Baltica Skand	645	−5
Cop Handelsb'nk	275	−6
D. Sukkerfab	380	−10
Danske Bank	325	−8
De Danske Luft	1,040	−20
East Asiatic	217	..
Forenede Brygg	1,150	−20
Forenede Damp	220	−3
GNT Hld	470xr	−50
I.S.S.B.	670	−40
Jyske Bank	555	−15
Novo Inds*	207	...
Privatbanken	273	−4
Provinsbanken	324	−5
Smidth (F.L.) B	285	−12
Sophus Berend	885	−15
Superfos	250	−16

FRANCE

May 29	Price Frs.	+ or −
Emprunt 4½% 1973	1,571	
Emprunt 7% 1973	7,860	−50
Accor	396	−7
Air Liquide	728	−2
BIC	620	−8
Bongrain	1,810	+17
Bouygues	1,045	−5
BSN Gervais	3,480	−30
CIT Alcatel	1,985	−5
Carrefour	3,430	+20
Club Mediter'n	491	−3
Cie Bancaire	1,103	+13
Cofimeg	446.5	+4.5
Damart	1,925	−50
Darty	3,015	−66
Dumez S.A.	1,319	−4
Eaux (Cie Gen)	1,850	+52
Elf Aquitane	294	+5
Essilor	2,460	+10
Gen.Occidentale	876	−19
Imetal	77	+1.1
Lafarge Coppee	1,202	−18
L'Oreal	3,290	−50
Legrand	3,620	+10
Maisons Phenix	230	..
Matra S.A.	2,030	+17
Michelin B	2,685	−15
Midi (Cie)	5,640	−50
Moet-Hennessy	2,225	−5
Moulinex	91.4	+5.4
Nord Est	185.0	+6.2
Pernod Ricard	1,015	+5
Perrier	710	−20
Petroles Fra.	365	−7
Peugeot S.A.	955	+13
Printemps (Au)	563	..
Radiotech	801	+6
Redoute	1,850	−10
Roussel-Uclaf	1,460	−20
Sefimeg	498	−27
Skis Rossignol	1,300	−10
Telemec Elect	3,155	−5
Thomson (CSF)	1,188	−3
Valeo	462	−11

GERMANY

May 28	Price Dm.	+ or −
AEG	313	−2
Allianz Vers	2,405	−29
BASF	274.5	−1
Bayer	293	−3
Bayer Hypo	335	−6
Bayer Verein	536	+6
BHF-Bank	502	...
BMW	575	−1
Brown Boveri	313.8	+0.8
Commerzbank	307.5xd	+4
Cont'l. Gummi	235	−7.5
Daimler Benz	1,297	−1
Degussa	460	+3
D'sche Babcock	193	−6
Deutsche Bank	785	+1
Dresdner Bank	408	+1
Feld Muehle Nbl	306.5	−1.5
GHH	211	−1.5
Henkel	407	+1
Hochtief	950	
Hoechst	284.5xr	+4.8
Hoesch Werke	182	+6.5
Holzmann (P)	320	−3
Horten	189	+5.8
Hussel	481	−4
Karstadt	330	+2
Kaufhof	418	−5
KHD	260	+2
Kloeckner	90.5	+0.2
Linde	694	−15
Lufthansa	208	−3
MAN	179	−1
Mannesmann	211.5	+1.2
Mercedes Hld	1,168	+6
Metallgesell	356	−2
Muench Rueck	2,900	...
Nixdorf	572	−10
Porsche	1,060	−10
Preussag	199	+1
RheinWest Elect	228	+3
Rosenthal	350	−4
Schering	567	−3
Siemens	610	−3
Thyssen	160.5	...
Varta	338	+8
Veba	272	−0.5
V.E.W.	162	+1
Verein West	615	
Volkswagen	556.5	

ITALY

May 29	Price Lira	+ or −
Banco Com'le	26,900	−1,600
Bastogi-IRBS	770	...
Centrale	3,900	−170
C.I.R.	15,510	−860
Credito Italiano	3,960	−166
Fiat	12,720	−2,280
Generali Assicur	157,500	−1,100
Italcementi	66,200	−6,800
La Rinascente	1,121	−99
Montedison	3,226	−364
Olivetti	16,000	−610
Pirelli Co	7,510	−200
Pirelli Spa	5,610	−340
Saipem	5,275	−280
Snia BPD	5,915	−208
Toro Assic	33,600	−4,700

NETHERLANDS

May 29	Price Fls	+ or −
ACF Holding	320	+16
AEGON	112.4	−0.4
Ahold	82.9	+0.1
AKZO	173.2	−0.1
ABN	586	+1
AMEV	84.2	+0.2
AMRO	113.5	+1
Bredero Cert	204	−1
Bos Kalis Westm	14.5	−0.4
Buehrmann Tet	188	−1
Calland Hlgs	19.1	+0.1
Dordtsche Pet'm	183.9	+0.4
Elsevier-NDU	318.1	−0.6
Fokker	91	......
Gist Brocades	287	−0.5
Heineken	172.5xc	−2.5
Hoogovens	115.1	−0.9
Hunter Doug NV	62	+1.2
Int. Mueller	74	−0.5
KLM	51.5	+0.5
KNP	146.5	−2.5
Naarden	52.8	−0.7
Nat Ned Cert	80.2	+0.2
Ned Mid Bank	216	+3
Nedlloyd	171.5	......
Oce Grinten	514	+14
Ommeren (Van)	34.8	+0.1
Pakhoed	54.6	+0.6
Philips	56.9	−0.9
Robeco	94.1	+0.6
Rodamco	141.8	+0.5
Rolinco	86.5	+0.5
Rorento	50.8	−0.2
Royal Dutch	193.1	−0.7
Unilever	469.5	−1
VMF Stork	293.5	+1.5
VNU	349	......
Wessanen	285	+2
West Utr Bank	50	......

NORWAY

May 29	Price Kroner	+ or −
Bergens Bank	147.5	−1
Borregaard	327.5	
Christiania Bank	158	+1
DenNorske Cred	147.5	+1.5
Elkem	107	
Kosmos	140	+1
Kvaerner	124	+5
Norcem	92.5	+2.5
Norsk Data	215.5xc	−1.5
Norsk Hydro	160.5	+1
Storebrand	214	+4

SPAIN

May 29	Price Pts %	+ or −
Bco Bilbao	880	−40
Bco Central	808	−5
Bco Exterior	420	+19
Bco Hispano	410	+11
Bco Popular	1,005	+45
Bco Santander	645	
Bco Vizcaya	1,275	+25
Dragados	510	
Hidrola	122.5	−3
Iberduero	164	
Petroleos	365	+18
Telefonica	205	−0.5

SWEDEN

May 29	Price Kronor	+ or −
AGA	190	
Alfa Laval B	367	+1
ASEA (Free)	330xc	
Astra (Free)	585	+5
Atlas Copco	222	
Cardo (Free)	306	......
Cellulosa	247	
Electrolux B	281	+1
Ericsson B	266	−4
Esselte	570	
Mo och Domsjo	231	−11
Pharmacia	320	−4
Saab Scania Free	850	
Sandvik	560	+20
Skandia	492	+9
SKF	345	+8
Sonneson	190	......
Stora Kopparberg	518	+18
Swedish Match	342	+9
Volvo B (Free)	435	+5

SWITZERLAND

May 29	Price Frs.	+ or −
Adia Intl	6,275	......
Alusuisse	700	+1
Bank Leu	3,650	+100
Brown Boveri	1,870	..
Ciba Geigy	3,510	+10
do. (Part Certs)	2,670	+20
Credit Suisse	3,600	+10
Elektrowatt	3,550	......
Fischer (Geo.)	1,586	+5
Hoff-Roche PtCts	112,000	+250
Hoff-Roche 1/10	11,200	+60
Jacobs Suchard	7,775	+575
Jelmoli	3,450	+150
Landis & Gyr	1,870	+10
Nestle	8,325	+25
Oer-Buehrle	1,830	−5
Pirelli	453	+4
Sandoz (Br)	12,300	+100
Sandoz (Pt Cts)	1,775	......
Schindler (PtCts)	800	−20
Sika	1,625	...
Surveillance A	7,150	+20
Swissair	1,670	+35
Swiss Bank	562	+2
Swiss Reinsce	18,600	+100
Swiss Volksbk	2,530	......
Union Bank	5,600	......
Winterthur	6,300	......
Zurich Ins	8,200	−150

AUSTRALIA

May 29	Price Aust $	+ or −
ACI Intl	3.6	+0.05
Adelaide Steams	13.0	+0.2
Amcor	3.45	......
ANZ Group	5.56	+0.06
Ampol Pet	2.43	+0.06
Ashton	1.68	−0.02
Aust. Guarantee	3.25	......
Aust. Nat. Inds	3.45	......
Bell Group	8.6	+0.1
Bell Res	4.4	+0.25
Bond Corp Hldgs	3.23xr	+0.05
Boral	4.63	+0.15
Bougainville	2.65	−0.08
Brambles Inds	6.7	+0.18
Bridge Oil	1.18	+0.12
B. H. Prop	8.95	+0.38
Burns Philp	7.2	+0.2
CRA	6.4	+0.1
CSR	3.4	......
Chase Corp	8.2	......
Claremont Pet	0.80	......
Coles-Myer	5.9	+0.16
Comalco "A"	2.4	+0.1
Consolidated Pet	0.16	......
Costain Aust	2.20	......
Elders IXL	4.35	−0.05
Energ Res	1.65	......

AUSTRALIA (continued)

May 29	Price Aust $	+ or −
Gen. Prop. Trust	2.75	−0.1
Hardie (James)	3.4	
Hartogen Energy	1.85	−0.05
Herald W'yTimes	6.6	
ICI Aust	2.7	−0.05
Jimberlana F.P.	0.19	
Kia Ora Gold	0.14	
Kidston Gold	5.42	...
Lend Lease	9.1	
MIM	2.25	−0.05
Mayne Nickless	3.25	−0.05
Nat. Aust. Bank	6.02	+0.12
News	22.6	−0.1
Nicholas Kiwi	3.42	−0.02
Noranda P.P pd	0.78	+0.02
North Bkn Hill	1.92	−0.02
Oakbridge	0.82	0.01
Pacific Dunlop	3.63	−0.05
Pancontinental	1.73	+0.01
Pioneer Conc	2.77	−0.7
Poseidon	2.85	−0.05
Queensland Coal	1.55	−0.05
Reckitt & Colman	4.8	
Repco	2.55	
Santos	4.05	+0.05
Smith (Howard)	4.15	
Thos. Nationwide	3.62	+0.12
Tooth	6.8	
Vamgas	2.2	−0.05
Western Mining	3.2	−0.02
Westpac Bank	5.3	−0.04
Woodside Petrol	0.95	−0.01
Woolworths	3.12	−0.02
Wormald Intl	4.05	

HONG KONG

May 29	Price H.K.$	+ or −
Bank East Asia	19.3	0.3
Cathay Pacific	5.6	0.05
Cheung Kong	20.4	0.2
China Light	16.0	0.1
Evergo	0.63	
Hang Seng Bank	36	1.75
Henderson Land	2.15	−0.05
HK China Gas	15.2	0.1
HK Electric	8.95	
HK Kowloon Wh.	6.85	0.1
HK Land	6.05	0.1
HK Shanghai Bk	6.8	
HK Telephone	11.5	−0.1
Hutchison Wpa	28.8	0.2
Jardine Math	12.5	−0.1
New World Dev	6.25	...
SHK Props	12.3	−0.1
Shell Elect	0.94	−0.01
Swire Pac A	12.4	−0.1
TV-B	6.6	+0.05
Winsor Inds	0.05	
World Int. Hldgs	2.35	0.02

JAPAN

May 29	Price Yen	+ or −
Ajinomoto	1,810	−150
All Nippon Air	1,000	+20
Alps Electric	2,090	−10
Asahi Chem	864	+4
Asahi Glass	1,240	+40
Bank Tokyo	795	+10
Bridgestone	743	−12
Brother Inds	602	+1
Canon	1,020	
Casino Comp	1,630	−30
Chugai Pharm	1,260	−40
Daiei	1,590	−10
Dai-Ichi Kan. Bk	1,520	−30
Dai Nippon Ink	445	−11
Dai Nippon Ptg	1,900	−10
Daiwa House	1,460	−50
Daiwa Sec	1,520	+20
Eisai	1,540	−30
Fanuc	6,800	−60
Fuji Bank	1,480	−10
Fuji Film	2,500	−90
Fujisawa	1,380	+10
Fujitsu	976	+1
F'jrukawa Elect	425	
Green Cross	2,290	−50
Heiwa Real Est	960	+2
Hitachi	885	−5
Hitachi Credit	1,470	+20
Honda	1,150	−10
Indl. Bk. Japan	1,540	+40
Ishikawajima Hr	198	+5
Isuzu Motors	360	+10
Itoh (C)	446	−9
Ito. Yokado	4,110	−40
JAL	10,070	+70
Jusco	1,550	+30
Kajima	894	+33
Kao Soap	1,610	−20
Kawasaki Steel	164	+4
Kirin	1,410	−20
Kobe Steel	180	+4
Komatsu	495	−20
Konishiroku	703	+2
Kubota	355	...
Kumagai	840	−5
Kyocera	4,240	−30
Marubeni	332	−1
Marui	2,510	...
Mazda Motors	386	−1
Meija Seika	832	+4
MEI	1,510	......
M'bishi Bank	1,470	......
M'bishi Chem	742	+7
M'bishi Corp	771	−12
M'bishi Elect	354	−3
M'bishi Estate	2,090	+30

JAPAN (continued)

May 29	Price Yen	+ or −
MHI	369	−4
Mitsui Bank	1,050	
Mitsui Co	450	1
Mitsui Estate	1,707	10
Mitsui Toatsu	291	−37
Mitsukoshi	1,060	−30
NGK Insulators	[illegible]	
Nikko Sec	1,080	+50
Nippon Denso	1,430	−20
Nippon Elect	1,550	10
Nippon Express	844	+29
Nippon Gakki	1,510	+20
Nippon Kogaku	1,040	30
Nippon Kokan	144	−4
Nippon Oil	1,150	−10
Nippon Seiko	595	−15
Nippon Shimpan	1,210	+60
Nippon Steel	166	−1
Nippon Suisan	590	−3
Nippon Yusen	410	+5
Nissan Motor	549	+1
Nisshin Flour	640	1
Nomura	2,060	+10
Olympus	1,290	30
Onoda Cement	454	−7
Orient Finance	1,130	−20
Orient Leasing	3,950	−50
Pioneer	2,540	−70
Ricoh	920	−5
Sankyo	1,420	−20
Sanwa Bank	1,250	−10
Sanyo Elect	422	5
Sapporo	1,100	−20
Sekisui Prefab	1,210	−10
Seven Eleven	7,850	−170
Sharp	1,020	+20
Shimizu Constn	576	−5
Shionogi	1,130	−10
Shiseido	1,930	−20
Showa Denko	395	+5
Sony	3,530	+10
S'tomo Bank	1,850	+40
S'tomo Chem	374	+6
S'tomo Corp	730	7
S'tomo Elect	1,170	+20
S'tomo Metal	145	−4
Taisei Corp	515	−1
Taisho Marine	759	−9
Taiyo Kobe Bank	690	−4
Takeda	1,610	−40
TDK	4,050	−50
Teijin	515	−10
Tea Nenryo	1,460	−10
Tokai Bank	975	−215
Tokio Marine	1,280	
Tokyo Elect Pwr	5,910	−50
Tokyo Gas	385	−5
Tokyu Corp	955	+14
Toppan Print	1,560	20
Toray	560	−7
Toshiba Elect	412	−3
Toyo Seikan	2,550	−10
Toyota Motor	1,460	−20
UBE Inds	261	−1
Victor	3,150	−10
Yamaha	745	−19
Yamaichi Sec	1,050	+18
Y'manouchi Phm	3,150	−50
Yamazaki	1,450	−70
Yasuda Fire	666	−9

SINGAPORE

May 29	Price $	+ or −
Boustead Hldgs	0.94	
Cold Storage	2.87	−0.01
DBS	5.60	−0.15
Genting	3.98	−0.08
Haw Par. Bros.	2.32	−0.10
Hong Leong Fin	2.08	.
Inchcape Bhd	1.57	−0.01
Keppel Shipyard	1.22	
Malay Banking	3.12	−0.02
Malay Utd. Ind	1.22	−0.05
Multi Purpose	0.37	−0.01
OCBC	6.40	......
OUB	2.57	.
Public Bank	0.85	.
Sime Darby	1.34	−0.06
Singapore Air	6.25	
Singapore Press	6.75	−0.10
Straits Trdg.	2.48	+0.12
Tat Lee Bk	2.24	−0.04
UOB	3.28	

SOUTH AFRICA

May 29	Price Rand	+ or −
Abercom	2.20	...
AE&CI	10.9	−0.2
Allied Tech	70	..
Anglo Am. Coal	45.75	−0.75
Anglo Am. Corp	44.25	+0.25
Anglo Am. Gold	220	−3
Barclays Bank	19.5	......
Barlow Rand	17.7	−0.05
Buffels	71.50	......
CNA Gallo	2.5	......
Currie Finance	4.9	......
De Beers	24.9	−0.2
Dreifontein	62.25	+0.25
F.S.Cons.	39.5	−0.25
Gold Fields S.A.	35.25	.
Highveld Steel	6.70	−0.05
Malcor	9.85	...
Nedbank	6.1	−0.1
OK Bazaars	14.25	−0.25
Rembrandt	58.5	...
Rust Plat	32.75	−0.35
Safren	16.26	+0.26
Sage Hldgs	10.5	......
SA Brews	10.15	......
Smith (CG)	28.5	−0.25
Tongaat Huletts	7.6	......

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Prices at 2.30pm
May 29

Sales	Stock	High	Low	Close	Chng
3813	AMCA Intl	$19	17¾	19	+⅛
3600	Aberford	$5⅝	5½	5½	
1850	Abitibi Pr	$24¼	24¼	24¼	
11500	Agnico E	$23¾	23	23¼	+⅛
13230	Albrta En	$12⅞	12½	12½	−⅛
7300	Albrta N	$13⅜	13⅛	13⅛	−⅛
263807	Alcan	$44⅛	43½	44⅛	+⅛
751	Algoma St	$15¼	14⅞	15¼	+¼
153999	Asamera	$9⅝	9⅝	9⅝	−⅛
5420	Atco I f	$8⅝	8½	8⅝	+⅛
11238	BC Sugar A	$21⅛	21	21	−⅛
597	BGR A	$7½	7⅜	7⅜	+⅛
11964	BP Canada	$29¾	29¼	29¼	
29042	Bk BCol	345	340	345	−5
132361	Bk Mont	$33	32⅞	33⅛	
286231	Bk NScot	$15⅛	14⅞	15	
101110	Bell Can	$39¾	39⅛	39⅝	+⅛
17600	Bluesky	265	260	265	+10
1696	Bonanza R	185	180	185	+5
24250	Bow Valy	$11	10¾	10⅞	+⅛
1300	Bralorne	135	135	135	−5
5250	Bramalea	$20¾	20½	20½	
47056	Brascan A	$24⅝	24¼	24½	+⅛
14705	Briwater	$6	5⅞	6	
400	Brenda M	$9⅝	9⅝	9⅝	+⅛
96044	BC FP	$13⅛	12⅞	13⅛	+⅛
129160	BC Res	140	136	136	
12852	BC Phone	$27⅞	27¾	27⅞	
500	Brunswk	$13	12¾	12¾	
36179	CAE	$23	22⅞	23	
27240	CCL B f	$19⅝	19	19⅝	+⅛
63062	CIL	$32	31⅞	31⅞	−⅛
23061	Cad Fry	$19	19	19	−⅛
2010	Cambrdg	$24	24	24	
7338	Camp Rsa	$20⅛	20⅛	20⅛	
3400	Camp Res	122	120	122	+2
100	Campeau f	$27¾	27¾	27¾	−¼
24417	CDem ex p	$15⅞	15½	15⅝	−⅛
500	CDC f	$6	6	6	−⅛
11300	Cdn Nat	$19⅛	19⅛	19⅛	−⅛
5473	C Nor West	$16⅝	16½	16½	−⅛
5775	C Pacers	$42⅞	42⅞	42⅞	−¼
900	CS Pete I	475	450	470	+45
300	Can Trust	$54¼	54¼	54¼	+¼
150	CG Man Y	$31¼	31¼	31¼	−¼
400	CG Invest	$59	53	59	
247422	CI Bk Com	$19⅛	18⅞	18⅞	−⅛
10900	C Marconi	$25⅜	25¼	25¼	−¼
11936	C Occdental	$19⅛	18⅞	19⅛	−⅛
197475	CP Ltd	$18	17¾	18	−⅛
11401	CTire A f	$15⅝	15¼	15¼	−¼
3679	CUtil A f	$19⅛	19⅛	19⅛	
730	CUtil B	$19⅛	19⅛	19⅛	
100	Cantor	$12⅞	12⅞	12⅞	
2760	Canron A	$18⅝	18	18⅛	+¼
900	Cara	$31⅞	31⅝	31⅝	+⅜
100	Cara A f	$31⅜	31⅜	31⅜	+⅜
5602	Carl OK	$14⅝	14⅝	14⅝	
9000	Carma A	27	26	26	−1
2126	Celanese	$17¾	17½	17¾	+¼
4400	CenFd A	$6	5⅞	6	
9952	Centrl Tr	$20⅜	20⅛	20¼	+⅛
76382	Cominco	$13⅞	13⅝	13⅝	−⅛
126000	Compulog	$6	6	6	
7010	Comput In	360	360	360	
32921	Comterm	180	175	180	−8
1260	Con Bam A	$24¼	24	24⅛	
7250	Conwst B f	$8	7⅞	7⅞	
6041	Cons Gas	$27	26⅞	27	
7500	[illegible]	$26¼	26	26	−¼
250	[illegible]	$10	10	10	
200	[illegible] B	$9⅞	9¾	9¾	−¼
672	[illegible]	$21½	21½	21½	−⅜
37500	C Falcon C	$19	18¾	19	−⅛
4232	[illegible] R	130	125	125	−5
1570	[illegible]	$15	15	15	
3600	[illegible]	$22¼	22	22	−¼
73468	[illegible] A f	$29¼	28¾	29⅛	
13400	[illegible] Res	140	129	130	
5425	[illegible] A	$7⅞	7⅞	7⅞	−¼
118034	Denison B f	$7	6⅞	6⅞	
1840	Develcon	352	345	350	+15
1725	Dickenson A f	$6⅞	6½	6⅞	−⅛
300	Dickenson B	$7⅛	7⅛	7⅛	+¼
26132	Dofasco	$30¾	30¼	30⅛	+⅛
39146	Dome Can	425	420	420	−10
[illegible]	Dome Mine	$9⅛	9	9⅛	
[illegible]	Dome Pete	155	145	155	+20
73554	D Textile	$22¼	22	22⅛	−⅛
4297	Domtar	$32⅛	31½	32⅛	+1¼
1330	Donohue	$25¼	24⅞	25¼	+⅛
1020	Du Pont A	$35½	35¼	35½	
286812	Dylex A	$17⅛	16⅞	17	+1
7750	[illegible]	$19½	19	19	
2480	Emco	$30	29½	29¾	−¼
1200	[illegible]	460	460	460	
6571	FCA Intl	$18¼	18	18	
135675	[illegible]	$21⅞	21⅜	21½	−¼
49920	Fed Ind A	$16	15¾	16	+⅛
17345	[illegible]	$13½	13¼	13⅜	+⅛
115	[illegible]	144	144	144	
14520	[illegible]	$11¼	11⅛	11⅛	+⅛
1900	Gendis A	$22⅞	22⅛	22⅞	−⅛
470	Genstar	$57½	57¼	57¼	
330	[illegible]	$16½	16¼	16½	+½
21420	[illegible]	$10	9⅞	9⅞	−⅛
6200	[illegible]	$6⅞	6⅞	6⅞	−⅛
4300	[illegible] A f	$18⅝	18½	18½	
12298	Gt Forest	$24¼	24	24¼	+¼
11759	Greyhnd	$28⅜	28	28⅛	−¼
[illegible]	[illegible]	$12⅞	12⅝	12⅝	−⅛
[illegible]	Gulf Can	$15⅛	15⅛	15⅛	−⅛
[illegible]	Hawker	$30⅛	29⅞	29⅞	−⅛
1714	Hayes D	$15⅛	15	15⅛	−¼
21750	Hees Intl	$35⅛	34⅞	35	+⅛
2350	[illegible] A	$24¼	24	24¼	−¼
25462	H Bay Mn S	$7¼	7¼	7¼	−⅛
5062	H Bay Co	$30⅝	30	30¼	−¼
54240	Husky Oil	$8⅛	8	8⅛	
33235	Imasco	$34⅝	34¼	34½	
25033	Imp Oil A	$42⅛	41⅝	42⅛	−⅛
27532	Inco	$18⅜	17¾	18¼	−¼
6015	Indal	$15⅜	15⅛	15¼	+¼
3647	Inland Gas	$11⅞	11½	11⅞	−⅜
17925	[illegible]	$18⅜	18⅛	18¼	−⅛
9134	Inter City	$15⅛	15	15	−⅛
32330	Intl Thom	$11	10¾	11	+⅛
11541	Inter Pipe	$44	43¾	44	−⅛
100	Ipsco	$10⅛	10⅛	10⅛	−⅛
14523	[illegible] A f	$25¼	25⅛	25¼	
500	[illegible] B	$26	26	26	+½
10530	Jannock	$29¼	29	29	−¼
465	Kerr Add	$15⅝	15⅜	15⅝	+⅛
1112	Labatt	$46⅝	46⅜	46⅜	−¼
5258	[illegible] Lac	$20½	20⅜	20⅜	
37330	Lacana	$7⅝	7½	7⅝	+⅛
7950	Laidlaw A	$20⅛	19¾	20	−⅛
79450	Laidlaw B f	$20	19⅞	20	−⅛
13400	Leigh Inst	$5⅝	5½	5⅝	
4662	Loblaw Co	$13¼	13	13⅛	−⅛
900	Lumonics	$15⅜	15¼	15⅜	−⅛
10600	MICC	$6⅛	6⅛	6⅛	
52070	Mclan H X	$19⅛	19	19	+⅛
100	Mcln HY f	$18	18	18	
25716	Macmillan	$33⅞	32¾	33¾	+1¼
25740	Magna A f	$32½	31⅝	32⅜	+⅛
1725	Maritime f	$16⅞	16	16⅞	+¼
5400	Mark Spec	$23⅛	23⅛	23⅛	
432585	Mass Fer	430	390	425	+40
500	Mc Intyre	$44	44	44	
1230	Merland E	194	191	191	
1000	Minrt Res	275	275	275	−5
6760	Mitel Corp	$6⅛	6⅛	6⅛	
600	Moffat	$13½	13⅜	13⅜	−⅛
20835	Molson A f	$27⅛	26⅞	26⅞	−⅜
1150	Molson B	$27¼	26⅞	26⅞	−¼
200	Moneco A f	$5⅝	5⅝	5⅝	−⅛
200	M Trusco	$27	27	27	+⅛
27326	Moore	$36⅛	35⅞	36⅛	+¼
31221	Nat Bk Can	$28⅝	28¼	28¼	
4044	Nt Vg Trco	$27⅛	27	27	−¼
3350	Nfl CapA f	$8⅝	8½	8⅝	
300	Nfld LP A	$18½	18½	18½	−⅛
80287	Noranda	$18¼	17⅞	18⅛	
7797	Norcen	$13⅝	13⅝	13⅝	
274	Norcn Erd f	$12½	12½	12½	
29810	Nor Tel	$41½	41⅛	41⅜	
1520	Northgat	440	440	440	
82730	Nva AltA f	$5	480	5	−20
3000	Nowsco W	$12½	12½	12½	+½
29501	Nu West	35	32	32	−5
15250	Numac	$8¾	8¾	8¾	−⅛
1910	Oakwood	405	400	400	−10
10	Oshwd A f	225	225	225	
4000	Ocelot B f	295	285	285	−15
200	Omega Hyd	490	490	490	−5
6427	Oshawa A f	$45¼	44¼	44½	−¾
79950	PacW Airl	$16½	15½	15⅝	−¼
33975	Pguin A f	$16⅛	16⅛	16⅛	
600	PanCan P	$27	26½	26½	−½
2505	Pegasus	$7⅞	7¾	7¾	−⅛
1900	Pjewl A f	$13¼	13¼	13¼	+⅜
7122	Pine Point	$10⅝	10	10⅝	+⅜
40801	Placer D	$22½	22⅛	22¼	−½
1730	Poco Pet	$8½	8½	8½	
15121	Powr Cor f	$39½	39	39¼	−¼
1500	Precamb	375	375	375	−15
10600	Provigo	$20½	20¼	20½	−½
21150	Que Sturg	$5	485	495	−5
500	Que Tel	$16½	16¼	16⅜	−¾
21600	Ranger	$5¾	5½	5⅝	
4083	Rayrock f	$6⅞	6⅝	6⅞	+⅛
1201	Redpath	$25½	25⅛	25⅜	
1000	Regionl R	240	240	240	+5
20000	Reitman A f	$35	35	35	
8119	Rio Algom	$23¾	23¼	23½	
800	Rogers A	$24½	24	24½	+¾
22432	Rogers B f	$24⅝	23⅞	24	−⅛
5208	Roman	$9⅝	9½	9½	−¼
100	Rothman	$38¾	38¾	38¾	−⅜
39522	Royal Bnk	$32	31¾	31⅞	+⅛
57399	RyTrco A	$33⅛	33	33	
174433	Royex	335	325	330	+5
1540	StL CemA f	$18¼	17⅞	18¼	+⅛
35200	Sceptre	278	272	278	+6
2650	Scot Paper	$35½	35	35	−½
1650	Scotts f	$40	39⅝	39⅝	
54258	Seagram	$83¼	82½	82⅝	−⅛
308639	Sears Can	$15	14½	14⅝	−½
100	Selkirk A f	$25	25	25	
16544	Shell Can	$23¾	23⅜	23⅜	−⅜
1357	Sherritt	$6⅞	6¾	6⅞	
630	Sigma	$9	9	9	+⅛
4600	Southm	$25⅛	25	25	−⅛
12607	Spar Aero f	$27½	26⅞	27½	+⅜
2820	Steinbg A f	$45	44½	45	+½
18324	Stelco A	$25½	25¼	25½	−¼
3085	Sulpetro	48	45	48	−2
17962	Teck B f	$21¾	21½	21½	
5443	Terra Mn	201	201	201	
2912	Texaco Can	$29	28½	28½	−½
38500	Thom N A	$30½	30	30	−⅜
36064	Tor Dm Bk	$23¾	23½	23½	+⅜
2730	Tor Sun	$29¼	29	29¼	
11038	Torstar B f	$30⅛	29¾	29¾	
5650	Total Pet	$28⅛	26⅝	27¼	−⅞
10300	Traders A f	$51½	51¼	51¼	+¼
4500	TrCan R A	115	115	115	
1810	Trns Mt	$11¼	11⅛	11¼	−⅛
40038	TrnAlta UA	$29⅜	28⅞	28⅞	−½
40820	TrCan PL	$18⅜	18⅛	18¼	−⅛
12987	Trilon A	$34¾	34½	34⅝	
11525	Trimac	235	230	230	−10
320	Trizec A f	$39¼	39¼	39¼	−¼
30	Trizec B	$39⅝	39⅝	39⅝	
18205	Ulster P	143	138	138	−2
25036	Un Carbd	$17	17	17	
2294	U Entprise	$12⅝	12½	12⅝	−⅛
310	U Canso	74	74	74	
300	Un Corp	$47	47	47	
2500	Versil A f	320	310	310	
2100	Vestgron	100	100	100	−4
9600	Vulcan Ind	495	490	490	−5
600	Wajax A	$18⅝	18¼	18⅝	+⅛
10833	Walker R	$36¼	36⅛	36¼	+¼
1800	Westburne	$18¾	18¾	18¾	
10485	Wcoast T	$14⅞	14½	14⅞	+⅛
2500	Westmn	$7⅞	7¾	7¾	
4150	Weston	$33	32¾	32⅞	−⅛
6711	Woodwd A	$7½	7¼	7¼	−¼

F–No voting rights or restricted voting rights

MONTREAL

Closing prices May 28

Sales	Stock	High	Low	Close	Chng
47342	Bank Mont	$33⅝	32½	33⅝	+¾
2050	BombrdrA	$21⅝	21½	21½	
7050	BombrdrB	$20⅝	20	20¼	
3750	CB Pak	$25¼	25¼	25¼	+¼
50045	Cascades	$12⅞	12⅝	12¾	
4863	ConBath	$24½	23⅞	23¼	+1⅛
14253	DomTxtA	$23⅛	23	23¼	
29671	Gaz Metro	$11⅞	11½	11½	−½
13567	MntTrst	$27	26½	26⅞	+⅛
58834	NatBk Cda	$28⅝	27¾	28¼	+⅜
148262	Power Corp	$39	38⅝	39	+⅞
18302	Provigo	$20¼	19¾	20⅛	+⅜
550	RollandA	$30⅝	30½	30⅝	
100	RollandB	$29¾	29¾	29¾	−¾
58649	Royal Bank	$32⅛	31¾	31¾	−¼
14000	SteinbrgA	$45¼	44	44	−¾

Total Sales 5,411,580 shares

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 47

Stock		Sales (Hnds)	High	Low	Last	Chng
P Q						
PNCs	1.52	748	45⅝	45⅛	45¼	−⅜
Pacar	1.40	5341	56¼	55½	56¼	+½
PacFst		325	18⅛	17½	17½	−⅝
PacTel	.80	137	13⅞	13½	13⅞	+⅜
PacoPh		78	20	19⅝	19⅝	−⅛
PancMx	.13	86	11¾	11½	11⅝	+⅛
ParkOh	.60	139	8¼	7⅞	8¼	+½
PaintM		40	4⅞	4⅝	4⅞	−⅛
PaulHr	1	743	23½	20⅞	23½	+3⅛
Paychx		50	30½	30	30	−¼
PeakHC		72	12⅝	12⅜	12⅜	−¼
PegGld	.06	338	5¾	5½	5⅝	
PennEn	2.20	7	37	37	37	−¼
Pentair	.86	212	30¼	29½	30¼	+¼
PeopEx	.15r	607	9⅝	9⅛	9⅜	−¼
Petrite	1.12	1	28	28	28	
Phrmct		149	16¼	15¾	15¾	−½
PSFS	.20	985	10	9⅞	9⅞	−⅛
PhilGl	.60e	1615	22⅜	21¾	21¾	−⅝
PhnxAm		1	4¾	4¾	4¾	
PicSav		272	42	41¼	41¾	+⅜
PicCafs	.60	226	30	29¼	29½	+¼
PionHi	1.04	479	41¾	41¼	41½	+¼
PionSt	.12	63	10	9¾	10	+¼
PoFolk		29	10⅛	9¾	9¾	−¼
PlcyMg		2173	20½	20	20¼	
Porex		61	33⅛	32⅞	32⅞	−¼
Powell		138	2	2	2	−⅛
Powrtc		109	16¼	16	16¼	
PwConv		1	14	14	14	
PrcCst	.12	570	27¾	27¼	27¾	+½
PrpdLg		308	14½	14	14¼	
Priam		2415	5⅞	5¾	5⅞	+⅛
PriceCs		1350	53¾	53	53¾	
Prtronx		206	13¼	13⅛	13⅛	
ProgOp	.16	21	4¼	4¼	4¼	
ProgCs	.06	296	32	31¾	32	
PropTr	1.20	44	12⅛	11¾	11¾	−¼
PuritBs		x96	23½	22½	23½	
QMS		374	13¾	13⅝	13¾	
Quadrx		543	16½	15⅞	16	−¼
QuakCh	.42	23	16¾	16½	16½	−⅛
Quantm		281	18½	17¾	17¾	−¾
QuestM		851	5⅛	4½	4⅝	−⅜
Quixtes		1081	11⅝	11⅛	11⅝	
Quotrn		2932	18⅞	18¼	18¼	
R R						
RAX	.01e	59	9	8¾	8¾	−¼
RPM	.62	120	20	19⅞	19⅞	
RadSys		113	13⅞	13½	13½	−¼
RadtnT		34	7⅞	7⅝	7⅝	−¼
Radion		1	11½	11½	11½	
Ragen		21	4⅞	4⅞	4⅞	
Rainer	1.08	237	39⅛	38⅝	38⅝	−¾
RayEn	.24	39	21¾	21¼	21¾	
RediCr		133	2⅛	2	2 1-16	
Readng		61	24⅝	24⅜	24⅜	−¼
Recotn		50	13	12⅞	12⅞	
RedknL	.20b	27	23	22¾	23	
Reeves		284	14½	14⅛	14⅛	−⅜
RgcyEl	.20	192	6⅞	6¾	6¾	−¼
Regies	.16	163	15¼	14⅞	15¼	+¼
Reliab		85	7½	7¼	7½	+⅛
RpAuto	.16	26	9⅛	9⅛	9⅛	−¼
RpHRh		337	18⅝	18¼	18⅝	
Reuterl	.15e	16	18	17¾	18	
ReutrH	.34e	1856	39⅞	39½	39¾	−½
RoyRys	.70	57	31½	31¼	31½	+¼
Rhodes	.32	1881	27⅝	27	27⅜	+⅜
Ribilm	..	171	9⅛	8¾	8¾	−⅛
RichEls		103	23	22¾	23	
RoadSv	1.10	592	41	40½	40½	−¼
RobNug	.06	47	12⅝	12½	12⅝	+⅛
RobVsn		99	9	8⅝	8⅝	−⅜
Rouses	.60	579	30¾	29⅞	30½	+½
RoyPlm	t	81	9⅛	9	9⅛	−⅛
RoylRs		7	2⅞	2¾	2⅞	
RustPel		13	9⅝	9½	9⅝	
RyanFs		486	20½	20¼	20½	
S S						
SAYInd		89	10¼	10¼	10¼	
SCI Sy		411	19¾	19⅛	19⅝	+⅜
SEI		475	23	21¾	21¾	−1¼
SFE		6	6⅞	6⅞	6⅞	−¼
SHLSy		554	18⅝	18¼	18⅝	+¼
Safecds	.24	1095	25⅛	24¾	25	
Safeco	1.70	744	60½	58¾	59⅜	−1
SafHlts		15	9	8½	9	
StJude		120	35¼	34½	34¾	
StPaul	3	1499	98¾	97¼	98	
SalCpl		484	10⅜	10	10¼	+⅛
SanBar		11	8¼	8¼	8¼	
SavnFs	.68a	155	30¼	29¾	29¾	−¼
SBkPSs	.44	294	28⅞	28½	28⅝	−⅛
ScanOp		207	13⅞	13⅝	13⅞	+⅛
ScanTrs		5	19¾	19¾	19¾	
Scherer	.32	368	14½	14	14½	+⅛
SchlmA	.44	220	37¾	37	37½	+¾
SciMic		10	6	6	6	−¼
Scitex		79	6¾	6⅝	6⅝	−⅛
SeaGal		76	4½	4¼	4½	
Seagate		4819	12¾	12⅜	12⅜	−⅛
SecTag		127	1⅞	1¾	1⅞	+⅛
SEEQ		196	2⅛	2 1-16	2 1-16	−1-16
Seibel	.80	20	21	21	21	
Selctlns	.80	112	22¼	22¼	22¼	−¼
Semicn		40	7¼	7¼	7¼	−⅛
Sensor	.05	3070	6⅝	6¼	6¼	−¼
SvcMer	.08	2961	12¾	12½	12⅝	
Svmstr	.88	667	26¼	25¾	26	
Servico	1	3	21	20½	20½	−⅜
SvcFrct		35	3	2¾	2¾	−⅜
SvOaks	.16	1998	18⅜	18⅛	18⅜	+⅛
ShrMed	.60	7530	35⅝	34⅝	35⅜	−¼
Shwmt	1.84	75	49½	48¾	49½	+⅜
Shelbys	.16	142	27⅜	27⅛	27⅜	
Sheldl		51	7¾	7⅝	7¾	
Shoneys	.18	805	37⅞	37	37⅞	+½
ShonSos		257	17¾	17½	17½	
Silicon		83	5	4¾	4¾	−⅛
SiliconS		130	18⅜	16	18¼	
SilicVal		145	18½	18¼	18½	
Silicnxs		46	15½	15¼	15¼	
Simpins	.56	46	18⅝	18⅜	18⅜	−⅛
Sippins		43	13¼	13	13¼	
Sizzlers		49	24¾	24¼	24¾	+¼
Skipper	.08	133	11	10⅝	11	+¼
SmithL		719	2⅞	2¾	2¾	
Society	1.92	47	70¾	70¼	70¾	+½
SocitySs		687	25¼	25¼	25¼	−¼
Softech		7	11⅝	11⅛	11⅝	
SoftwA		40	20	19¾	19⅞	−⅛
SonocPs	.80	174	39¾	39	39¾	+¾
SonrFd	.45e	6	10¼	10¼	10¼	
SoHosp		106	5½	5⅜	5⅜	−⅛
SthdFn	.52	35	19⅞	19½	19⅝	−⅜
Soutrst	.68	204	24¾	24½	24½	
Sovrgn	.10	145	7¾	7½	7¾	+⅛
Sovrans	1.28	862	43⅝	43⅜	43⅜	
Specdy		270	28½	28⅜	28½	+¼
Spectran		303	8	7¾	7⅞	−⅛
SpecCtl	.07	112	11½	11¼	11¼	
Spire		26	12¾	12¼	12¼	−⅜
StarSur		139	12⅝	12¼	12⅝	+¼
StatBld	.20	110	10	10	10	−⅛
Standy	1.08	34	42½	41¾	42½	+1½
StdMic		456	17¼	17	17¼	+⅛
Stanhm	1.52	155	49¾	47½	48	−1½
StaStBs	.64	138	50½	50⅛	50½	
StateG	.05b	161	5⅞	5⅝	5¾	+¼
Steiger		8	4½	4¼	4½	
StewStv		31	15	14¾	15	+¼
Stwinl	.72	219	28	27½	28	+¼
Stifel		64	10½	10¼	10½	+⅛
Stratus		778	22¼	21½	22¼	+½
StrwbCl	.84b	38	55	54	54	−¾
Strykrs		31	34¼	34	34	−¼
Subarus		353	36¼	36	36¼	+¼
Summa		203	4 11-16	4 9-16	4 9-16	
SumtHl	.12	519	9⅝	9	9	−¼
SunCst		612	3 13-16	3 9-16	3¾	+¼
SunMed		139	15	14½	14½	−½
SupSky		83	17⅛	16½	17	−¼
Suprtex		5	3½	3½	3½	−⅛
SymbT		90	14¾	14½	14½	−¼
Syncor		294	9⅝	9	9¼	+⅛
Syntech		715	12¾	11½	12¾	+1
Syntrex		304	5	4⅞	4⅞	−⅛
Syscons	.20	45	15¼	14¾	14¾	
SyAsoc		94	11	10½	10½	−½
Systin		123	9¼	9⅛	9⅛	+⅛
Sysintg		10	15¼	15¼	15¼	+½
Systmt	.08	18	25¼	25	25¼	
T T						
TBC		9	13¼	13¼	13¼	
TCAs	.16	147	19	18¼	19	+½
TacViv		39	3⅛	2⅞	3⅛	+¼
Tandem		1737	31⅛	30⅞	31	+⅛
Tandon		4576	7¼	6⅞	7	−⅛
TcCom		27	18¾	18½	18½	−¼
Telco		329	8¼	8	8⅛	−⅛
TlcmA		1394	56⅝	56¼	56⅜	−⅝
TelPlus		699	7⅝	7	7⅝	+⅜
Telecrd	.36	587	49	45½	48¼	−2¾
Telvid		232	3½	3¼	3⅜	−⅛
Telabs		292	13¾	13½	13¾	+⅛
Telxons		196	21¼	20¾	21¼	+⅛
TermDt		28	2⅞	2⅞	2⅞	
TherPr		17	4¼	4	4¼	
Thermd		68	24⅝	24¼	24½	+⅛
ThrdNs	.76	339	35¼	34¾	35¼	
Thortec		734	1⅝	1⅜	1½	
ThouTr		1337	5⅞	5⅝	5½	−⅜
Tiprary		180	⅜	5-16	⅜	
TotlSys		28	25½	24½	25	
TrakAu		1131	13	12¾	13	+¼
TriadSy		482	11⅞	11⅝	11⅞	
U U						
USLIC	.80	1117	28⅛	27⅞	27⅞	
UTL		384	22¾	22⅜	22⅜	+¼
Ultrsy	.08e	365	11	10¾	10¾	−½
Ungmn		1874	12⅞	12⅝	12¾	−¼
Unifrs		918	14½	14⅛	14⅜	+¼
UnPlntr		667	34⅛	33¾	34⅛	+¼
UACms	.08	121	35	34¾	34¾	
UBAlsk	t	15	8	7¾	7¾	
UBCol	1.08	149	32⅝	32	32⅝	+⅛
UFnGrp		72	4⅛	4⅛	4⅛	
UFstFd	.20	117	34⅝	33¼	34⅛	+⅞
UGrdn	1.64	46	91½	91½	91½	−¼
UPresd		10	15⅛	15⅛	15¼	+⅛
US Ant		24	2⅝	2½	2½	
US Bcp	1	295	40⅛	39⅞	40	−⅛
US Cap		3	2⅞	2⅞	2⅞	+⅛
USDsgn		233	2⅛	1⅞	1⅞	−⅛
US HhC	12	4848	21½	20⅝	20⅝	−½
USShelt	.12	23	3¾	3⅝	3⅝	
US Sur	40	1131	23⅝	23	23	−¼
US Trs	1.32	36	58¼	57½	58¼	+¾
UStatn	.24	4591	18¾	17¾	18¼	−½
UnTelev		64	29¼	28½	29¼	+¾
UVaBs	.92	229	33⅛	32¼	33⅛	+⅞
UnvFrn		1590	35½	34¼	35	+½
UnvHlt		160	13⅞	13⅝	13⅝	−⅛
UFSBk	.22e	187	15¼	14¾	14¾	−½
Uscal	.28	x147	6¼	6⅛	6⅛	−⅛
V V						
VLI		423	5⅞	5¾	5¾	−⅛
VLSI		730	12⅛	11¾	12	
VMX		52	4⅜	4¼	4¼	−⅛
VSE	.20	61	15½	15	15½	−¼
ValidLg		475	8⅛	8	8⅛	+⅛
ValFSL	t	85	30¼	29⅞	30	−⅜
ValNtl	1.32	x363	46⅝	45¾	45¾	−⅝
ValLn	.40	368	28	27¼	27¼	−¾
Vanzeti		119	4	3¾	3¾	−⅛
Ventrex		468	6¾	6½	6¾	+⅛
Vicorp	.12e	65	20¾	20⅛	20⅜	
VideoFr	.20b	426	6⅝	6¼	6⅝	+⅛
Viking		28	19	18½	18½	−½
Virateck		959	40¼	38½	39¾	+¾
Vodavi		401	7⅜	6⅞	7⅜	+⅝
Volunl		302	20½	20	20¼	−¼
W W						
WD 40	1.04	26	27	26½	26½	
WE	.32	454	26½	25	25	−1
WikrTel		156	8⅝	8⅛	8¼	
WshE	1.84	69	25¾	25⅝	25¾	+⅛
WFSLs	.72b	226	32¼	31¾	32	
WMSB	.20e	802	30⅛	29¾	30	−⅛
Wavetk		20	9	8¾	9	+¼
Webb	.40	24	12½	12¼	12½	+⅛
WestFn		211	46⅞	45⅞	46¼	+⅛
WstFSL		721	22	21⅝	21¾	−¼
WMicTc		18	9¾	9¾	9¾	
WhTlAs		294	25⅛	24½	25⅛	−½
WmorC	.40	57	22½	22¼	22¼	−¼
WstwCs		175	6¼	5⅞	6¼	−¼
Wetrra	.38	463	39	38⅝	39	−¼
Wical		245	5⅝	5½	5⅝	+⅛
Wilmts	1.03	30	35¼	35	35¼	+⅛
WillAL		1262	26½	25¼	26½	+⅜
WmsSn		58	24	23½	24	−½
WilsnF		4261	8⅞	8⅛	8¾	+⅛
Windmr		829	5⅞	5¾	5¾	+⅛
WisorO	.40	181	15	14⅝	15	−⅛
Woodhd	.60	40	13¼	13½	13¼	+¼
Worthgs	.48	x185	29⅛	29	29⅛	−¼
Writer	.15e	59	10½	10½	10½	−½
Wyman	.80	417	24½	23¾	24¼	−½
X Y Z						
Xebec		52	2⅞	2½	2½	
Xicor		357	9⅝	9¼	9⅝	−¼
Xidex		2114	21¼	20¾	21¼	+⅜
YlowFs	.54	348	37	36½	37	+⅜
Ziegler	.48t	1	17¼	17¼	17¼	−½
ZionUt	1.36	6	59	59	59	−½
Zilel		36	5	4⅝	4⅝	−⅛
Zivad		12	5¼	5⅛	5¼	−¼
Zondvn		118	21¼	20¾	21¼	+⅛
Zymos		425	2⅝	2½	2⅝	−⅛

Indices

NEW YORK–DOW JONES

	May 29	May 28	May 27	May 23	May 22	May 21	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	1,872.25*	1,878.28	1,853.03	1,823.29	1,806.38	1,775.17	1878.28 (28/5/86)	1502.29 (22/1/86)	1878.28 (28/5/86)	41.22 (2/7/32)
Transport	808.86*	810.84	809.13	797.96	795.02	780.30	830.84 (31/3/86)	686.97 (9/1/86)	830.84 (31/3/86)	12.32 (8/7/32)
Utilities	188.22*	187.91	186.47	184.35	183.68	181.15	193.73 (21/3/86)	169.47 (22/1/86)	193.73 (21/3/86)	10.5 (28/4/42)
Trading vol		150m	121m	130m	145m	117m	—	—	—	—

	May 23	May 9	May 2	Year Ago (Approx)
Ind Div Yield %	3.57	3.63	3.67	4.70

STANDARD AND POORS

	May 29	May 28	May 27	May 23	May 22	May 21	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	274.35*	276.65	273.27	269.49	268.21	263.22	275.55 (28/5/86)	224.88 (22/1)	275.55 (28/5/86)	3.62 (30/6/32)
Composite	245.58*	246.63	244.75	241.35	240.12	235.45	246.63 (28/5)	203.49 (22/1)	246.63 (28/5/86)	4.40 (1/6/32)

	May 21	May 14	May 7	Year Ago (Approx)
Ind div yield %	3.08	3.03	3.05	3.74
Ind. P/E Ratio	17.22	17.38	17.25	11.64
Long Gov Bond Yield	7.67	7.42	7.5	10.60

N.Y.S.E. ALL COMMON

May 29	May 28	May 27	May 23	1986 High	1986 Low
141.18*	141.72	140.73	138.88	141.27 (21/5/86)	117.75 (22/1)

RISES AND FALLS

	May 28	May 27	May 23
Issues traded	2,004	1,959	1,948
Rises	978	1,204	951
Falls	643	479	597
Unchanged	383	286	400

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Fla Prog	2,865,800	37	−⅛	ATT	1,233,500	24⅞	−⅛
Pepsico xd	1,550,500	34⅛	+1⅝	Massey-Fer	1,079,400	3⅛	+⅛
IBM	1,422,000	152⅛	+⅜	US Steel	1,065,300	20⅞	+⅛
Navistar	1,277,500	9½	+⅛	Nabisco RJ	888,200	49⅛	+1⅛
ITT Corp	1,235,800	48⅝	+⅜	Ander Clay	878,200	55⅛	+3⅛

Advances 638 Declines 911

TORONTO

	May 29	May 28	May 27	May 23	1986 High	1986 Low
Metals & Minls	2,148.9*	2,147.1	2,083.7	2,036.1	2,442.85 (21/3/86)	2,025.3 (21/5/86)
Composite	3,098.5*	3,093.1	3,062.6	3,049.7	3,129.11 (18/4/86)	2,754.0 (17/2)
MONTREAL Portfolio	1,588.2*	1,580.87	1,559.99	1,551.8	1,623.15 (30/4/86)	1,386.5 (22/1)

* Indicates pre-close figure

	May 29	May 28	May 27	May 26	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1226.3	1208.8	1200.9	1204.6	1247.0 (7/5)	1010.8 (2/1)
Metals & Minls. (1/1/80)	515.7	506.4	500.0	504.0	602.6 (24/3)	481.1 (20/5)
AUSTRIA						
Credit BK Aktien (2/1/62)	(c)	120.97	121.87	121.80	130.69 (25/4)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	3621.94	3641.20	3665.76	3681.28	3700.16 (24/4)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	229.61	220.89	251.29	250.78 (18/4)	214.57 (21/1)
FRANCE						
CAC General (31/12/82)	351.2	351.8	356.0	(u)	411.3 (15/5)	267.8 (2/1)
Ind Tendance (31/12/85)	152.1	151.3	152.7	150.4	154.5 (12/5)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	(c)	639.51	644.74	656.75	753.88 (17/4)	618.54 (27/2)
Commerzbank (1/12/53)	(c)	1933.4	1949.0	1889.3	2276.8 (17/4)	1863.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1772.76	1777.47	1818.50	1811.87	1865.65 (7/5)	1559.94 (19/3)
ITALY						
Banca Comm Ital. (1972)	751.91	(u)	849.06	867.54	908.20 (20/5)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	16610.6	16653.4	16467.5	16409.5	16610.6 (29/5)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1294.97	1290.10	1285.85	1278.90	1294.97 (29/5)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	288.4	287.5	286.4	287.8	289.7 (25/5)	240.4 (5/3)
ANP.CBS Indust (1970)	279.3	277.6	274.6	275.7	279.3 (29/5)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	341.85	340.52	335.56	341.68	402.91 (16/1)	332.25 (20/5)
SINGAPORE						
Straits Times (30/12/66)	645.35	656.11	628.43	616.86	645.35 (29/5)	563.54 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1145.6	1168.1	—	1507.9 (27/1)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1161.8	1164.5	—	1203.1 (20/5)	1058.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	177.27	172.06	170.96	172.75	194.77 (12/5)	100.85 (6/1)
SWEDEN						
Jacobson & P (31/12/56)	2380.25	2320.58	2396.87	2313.24	2372.95 (22/4)	1729.57 (29/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	567.6	566.8	567.9	569.8	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	319.4	317.1	315.1	322.2 (21/4)	248.8 (23/1)

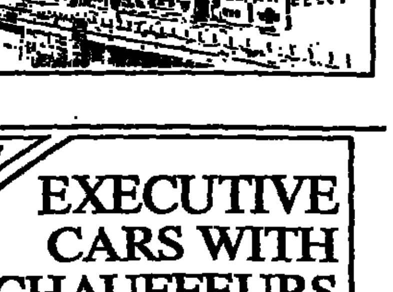
**Saturday May 24: Japan Nikkei 16,397.3, TSE 1,277.63.

Base value of all Indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia All Ordinary and Metals—500 NYSE All Common—50; Standard and Poors—10; and Montreal Portfolio 4/1/83 Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes

(In pence unless otherwise indicated)

RISES		
Bilton (Percy)	276	+12
Brent Walker	160	+11
Bromsgrove Inds	117	+9
Coalite	267	+7
Cronite	71	+5
Electronic Mach	83	+8
Ford (Martin)	70	+6
Grand Central	42½	+5
Helical Bar	209	+16
M&G Group	880	+70
Tomkins (FH)	322	+9
Woodh., Rixson	87	+7
FALLS		
Tr 12½ 2003-5	129	−⅛
Tr 2½ IL 2009	£105⅞	−⅜
Abbey Life	194	−22
Belgr Hodgs	112	−13
Brit. Benzol	79	−7
BP	574	−11
Freemans	400	−14
Grand Met	392	−11
Harr. Queensway	244	−12
Harrisons & Crosf	360	−15
Lep Group	283	−7
Polly Peck	201	−7
Process Systems	58	−42
Rank Org	553	−17
Redland	427	−9
Sandhurst Market	84	−5
Shell Transport	795	−12
Tesco	365	−13



NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, May 29

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	12	AAR s	.44	1.9	22	90	23¾	23¼	23⅜	−¼
30	21¾	ADT	.92	3.2		94	29	28¾	28¾	−⅜
28½	11½	AFG s			18	307	27⅞	27⅝	27⅝	−⅛
25⅜	12¾	AGS			16	43	21½	21¼	21½	
15	9⅞	AMCA				27	13¼	13	13	+⅛
60⅝	37½	AMR			12	2778	58¾	58⅛	58⅛	−¾
25½	18⅝	AMR pf	2.18	8.8		3	24⅞	24⅞	24⅞	−⅛
23½	19	ANR pf	2.12	9.7		2	21¾	21¾	21¾	+¼
16¾	11⅛	ARX	.71t	5.1	13	40	14¼	14	14	−⅛
51⅜	32¾	ASA	2a	5.8		505	34¾	34¼	34⅝	+⅜
16⅝	10½	AVX		2.3		838	14⅝	13½	14⅛	+½
32	22⅝	AZP	2.72	9.8	7	947	28	27½	27¾	−⅛
93	52½	AbtLab	1.68	1.8	22	1328	91⅝	90¾	91	−⅞
46⅞	26¼	AbtLb wi				170	46	45¼	45⅞	−⅜
32	19⅝	AccoWd	.50	1.7	20	149	30¾	30	30¼	+¼
24¾	10	AcmeC	.40	3.2		123	12½	12⅛	12½	
9¼	7	AcmeE	.32b	3.9	20	3	8¼	8⅛	8⅛	−⅛
20½	16⅞	AdaEx	1.90e	9.4		46	20½	20¼	20¼	−¼
30⅝	15	AdmMl	.40	1.3	14	86	u31¼	30⅝	31⅛	+¾
20⅝	10¼	AdvSys	.83t	4.6	17	388	18	17⅝	18	+½
32⅞	22⅞	AMD				4197	27	26	26¾	+¾
12⅝	8¼	Adobe n				53	8⅞	8¾	8¾	−⅛
18⅝	14⅝	Adob pf	1.84	11		12	16⅝	16⅝	16⅝	−⅛
20¼	15¼	Adob pf	2.40	13		13	18⅞	18¾	18¾	−⅜
19¾	8⅞	Advest	.12a	.6	14	284	19¾	19⅝	19¾	+⅜
66¼	42¼	AetnLf	2.64	4.1	12	3400	64⅝	63¾	64	−½
57½	52⅛	AetL pf	4.28e	8.1		21	53⅜	53⅛	53⅛	−½
101½	98¼	AetL pfC	2.55e	2.6		5	97¾	d97¾	97¾	−½
69½	29	Ahmns	1.38	2.1	7	1249	66¼	65¼	65⅝	−⅝
23	9⅝	Ahmn wi				91	22⅛	22	22	−¼
5⅝	2½	Aileen			103	419	5¼	5	5⅛	−⅛
83⅜	51¼	AirPrd	1.48	1.9	16	561	80⅛	79½	79⅝	−⅝
41⅝	25⅝	AirP wi				10	39⅞	39⅞	39⅞	−⅛
27½	18¼	AirbFrt	.60	2.8	18	75	21⅞	21⅛	21⅜	−⅜
2⅛	⅜	AlMoan	50c			56	½	½	½	+1-32
10¾	7½	AlaP dpf	.87	9.2		764	9⅝	9½	9½	−⅛
103½	74	AlaP pf	9	9.0		z4400	100¼	100	100	+3¼
90¾	67¼	AlaP pf	8.28	9.6		z100	85⅞	85⅞	85⅞	−⅛
26⅜	15¼	AlskAir	.16	.8	12	185	19½	19¼	19⅜	
25	8	Alberto s	.21	.9	30	20	23¾	23½	23¾	+⅛
40¼	26⅞	Albtsns	.84	2.1	14	243	39¾	39½	39¾	
34⅝	23¾	Alcan	.80	2.5		2540	32⅝	31⅝	32½	+⅞
46¾	32	AlcoStd	.24	2.9	20	205	43⅛	42⅞	43⅛	+½
40¼	26	AlexAlx	1	2.5		559	40⅛	39⅝	40	
47½	22⅝	Alexdr			78	4	41¼	40¾	40¾	−¼
101	75½	AlgCp	1.54t	1.6	21	100	95¼	95	95	
28½	25⅝	AlgCp pf	2.86	10		11	27⅝	27⅜	27⅝	+¼
28¾	16½	AlgInt	.35j	1.6		117	21¾	21⅝	21¾	
20¾	15⅛	AlgIn pf	2.19	12		6	18⅝	18½	18⅝	+⅛
98	78	Algi pfC	11.25	13		7	90	90	90	
41½	28⅛	AlgPw	2.80	6.9	10	903	40⅞	40½	40⅝	−⅜
27¼	14⅝	AllenGs	.56	2.3	15	169	23⅞	23½	23⅞	−⅛
43	16½	AlldPd			11	555	38⅝	38	38⅝	+⅜
49½	38⅛	AldSgnn	1.80b	4.0		3676	45½	45	45¼	
66	58½	AldS pfC	6.74	11		76	61¾	61¼	61¾	+¼
114⅜	102¾	AldS pfD	12	11		7	107½	107	107½	
46⅞	25⅛	AldStr	s1.16	2.6	12	3355	45⅞	44⅞	45⅛	−¾
10⅛	4⅜	AlldSup				241	9⅝	9⅜	9⅜	−¼
6¾	3⅛	AllisCh				204	5½	5¼	5⅜	+⅛
36⅞	28½	ALLTL	1.96	5.4	11	72	36⅝	36¼	36⅝	
46⅝	31¼	Alcoa	1.20	2.8		6183	41⅞	40	41⅞	+1¼
17	10½	Amax				501	14⅞	14⅝	14⅞	
32¼	18⅞	AmHes	.27j			1456	22⅛	21⅜	21⅜	−⅞
2	1⅛	AmAgr				184	1¼	1⅛	1⅛	
31¼	19½	ABakr			13	60	29½	29⅜	29½	+⅜
99¼	53¼	ABrand	4.05	4.7	12	1526	87	85¼	86⅝	
34⅝	27¾	ABrd pf	2.75	8.4		3	32⅞	32⅞	32⅞	+⅛
30⅛	20⅞	ABldM	.86	3.3	18	24	26⅛	25¾	25⅞	−⅛
36⅞	23⅞	ABusPr	.76	2.3	16	18	33	32⅞	33	
79¾	50¾	AmCan	2.90	3.9	12	613	74¾	74½	74¾	+⅛
119½	110½	ACan pf	13.75	12		1	117½	117½	117½	
24⅞	19½	ACapBd	2.20	9.0		60	24½	24⅛	24½	−⅛
32⅞	25¾	ACapCv	2.73e	9.1		37	30⅛	29⅞	30⅛	−⅛
24¼	16½	ACMR n	.15e	.7	17	344	22⅛	21⅞	22	+⅛
9½	4⅝	ACentC				26	7⅞	7¾	7¾	
77	48	ACyan	1.90	2.5	27	792	76½	75⅛	76	−¼
28⅜	19⅞	AElPw	2.26	8.7	11	3398	26½	26	26⅛	−¼
70⅛	40⅜	AmExp	1.36	2.1	15	5130	63½	62½	63⅜	+⅛
34¾	15	AFaml	s.40	1.2	22	245	34⅜	33⅝	33¾	−¾
43⅞	27¼	AGnCp	1.12	2.8	11	1207	40⅞	40¼	40⅝	−¼
22¼	10¼	AGnl wt				165	22	21½	21½	−⅜
56½	53	AGnl pfA	4.93e	9.2		525	53¾	53½	53⅝	−⅛
44⅛	31	AHert	1.32	3.1	15	1	42¼	42¼	42¼	
13⅜	8¼	AHoist				119	9⅛	8¾	8⅞	−½
88⅜	54¾	AHome	3.10	3.6	18	1898	87	86⅛	86¾	−¾
379	259¼	AHme pf	2	.5		1	u389½	389½	389½	+10½
127	85¾	Amrtch	7.08	5.6	11	440	126	125	125¾	−½
141	80⅜	AInGrp	.44	.3	22	996	134⅞	131⅛	132⅝	−2⅛
226	137½	AIGp pf	5.85	2.7		4	214¼	214	214	−3
28⅝	16	AMI	.72	3.9	62	2544	18⅝	18⅜	18⅝	+⅛
5	2¼	AmMot				1280	4⅛	3⅞	4⅛	+⅛
25⅜	13⅞	APresd	.50	2.0	27	99	25	24⅞	24⅞	−⅛
15⅝	5¾	ASLFla				164	15⅜	14⅝	15⅛	+¼
21¾	13¼	ASLFl pf	2.19	10		424	u22	21⅜	21¾	+¼
15⅝	9⅞	AShip	.80	7.4	8	51	10⅞	10¾	10⅞	+⅛
46⅞	27	AmStd	1.60	3.8	31	721	42	41⅜	41¾	−¼

Continued on Page 47

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from Page 46

12 Month High	Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
68	52	Philin pf	1	1.1		4	u68¾	68¼	68¼	+2⅝
13⅞	9¼	PhilPt s	.60	5.7	7	2748	10¼	10⅛	10⅛	-½
25½	19¼	PhilPl pf2.15e		10		240	21¼	21⅛	21⅛	
36⅛	22⅞	PhilVH	.40	1.2	14	55	35⅛	34¼	34¼	-⅜
44¾	28⅞	PiedA s	.32	.8	12	589	40⅝	40	40⅝	-⅛
51¾	50¾	PiedA pf				774	51¾	51½	51½	-¼
20¼	15⅛	PieNG s	1.20	6.5	10	45	18⅝	18	18¼	-⅛
24⅝	13¼	Pier 1	.03r	.1	15	227	24⅞	24¼	24½	+⅛
11½	9	PilgRg n	.07e	.6		229	10⅞	10¾	10⅞	
80¾	48	Pilsbry	1.72	2.2	18	1067	80	79⅝	80	+½
27⅞	18⅝	Pioneer	1.24	5.4		804	23¼	23	23⅛	-⅛
29¼	13½	PionrEl	.10e	.4		12	28	27¾	27⅞	-⅛
62	37	PitnyB	1.32	2.1	16	1006	u63¼	62¼	62⅞	+¼
122	74½	PitnB pf	2.12	1.7		1	u126	126	126	+4
15⅞	10⅝	Pittstn			143	1357	13⅛	12½	12¾	
22¼	15	Plains n	.07	.3	50	367	u23¼	22⅞	23⅛	+⅛
24	11¼	PlanRs	.20	.9	18	171	21½	21⅛	21⅛	-¼
18¾	8¼	Plantrn	.16	.9	14	75	18¼	18⅛	18¼	-½
10⅝	6⅝	Playboy				179	7⅝	7¼	7⅜	-⅛
37¾	19¼	Plessy	.72e	2.2	23	8	34	32¼	32¼	-2¼
17⅞	5⅛	PogoPd	.20	2.9		292	7⅛	6⅞	6⅞	-¼
72⅞	29½	Poland	1	1.5	22	1894	68¼	67⅞	68¼	+¼
23⅞	10½	Pondrs	.40	1.8	56	1160	23¼	22½	22⅝	-⅝
24¾	16¾	PopTal	.80b	3.7	33	54	21¾	21½	21⅝	-⅛
22¾	14¾	Portec	.60	3.0	24	25	20	20	20	-⅝
85¾	76½	Portr pf	5.50	6.5		z50	85	85	85	
28½	17⅞	PortGC	1.96	7.0	9	274	27⅞	27⅝	27⅞	+¼
29¼	22½	PorG pf	2.60	9.2		6	28¼	28¼	28¼	-⅜
35⅞	32⅜	PorG pf	4.40	13		15	34⅝	34¼	34⅝	+½
35½	32	PorG pf	4.32	13		5	34	33⅞	33⅞	-⅛
50½	32¼	Potlch	1.56	3.1	20	83	50¼	49⅞	49⅞	-⅝
57½	54	Potl pf	3.75	6.5		21	u57¾	57½	57½	+¼
42¾	27½	PotmEl	2.36	5.6	11	228	42⅝	42⅛	42½	+⅛
35½	18⅞	Premin	.40	1.2	25	252	34½	34	34¼	-⅜
29	18¾	Prmk s	1.10	4.1	11	659	27⅞	26⅝	27	+⅛
28	14½	PrimeC			16	2410	20⅛	19⅝	20	-⅛
42⅞	21⅜	PrimM s	.08	.2	25	1288	u43½	41¾	43⅜	+1⅜
79¾	52½	ProctG	2.70	3.5	19	3011	79⅛	77½	77¾	-1¼
17¼	12	PrdRs s	.28	1.8	22	144	16	15¾	16	
43½	33½	Proler	1.40	3.9		2	36¼	36	36¼	
[illegible]	1⅝	PruRC n				68	1¾	1⅝	1⅝	-⅛
[illegible]	7⅜	PruRl n	.44e	5.8		72	7¾	7½	7⅝	
24¼	17½	PSvCol	2	11	13	1466	19¼	18¾	18⅞	-⅛
90⅞	62¼	PSCol pf	7.15	9.2		z100	77½	77½	77½	-½
26	19	PSCol pf	2.10	9.3		6	22⅞	22⅝	22⅝	-⅛
12⅛	6⅞	PSInd			7	400	11¼	11⅛	11¼	
32½	20¾	PSIn pfA				z100	30½	30½	30½	+⅞
10½	8¾	PSIn pfB				z400	9¾	9¾	9¾	-⅛
10½	6⅝	PSIn pfC				z530	9¾	9¾	9¾	
67	42	PSIn pfD				z10	61	61	61	-1
79½	50	PSIn pfG				z10	77¼	77¼	77¼	+¼
83	53	PSIn pfH				z1680	79⅞	79½	79½	+⅜
11⅜	3⅞	PSvNH			4	375	9	8⅞	9	+⅛
25⅛	8⅝	PSNH pf				z1100	21	20½	20½	-¼
25½	9¼	PNH pfB				15	23½	23½	23½	+¼
33¼	13⅞	PNH pfC				4	29⅛	29	29	-½
31¼	12	PNH pfD				14	27½	27¼	27¼	-¼
31¾	12	PNH pfE				20	26¾	26½	26½	
27¾	10⅜	PNH pfF				12	23⅝	23⅝	23⅝	
28⅞	11	PNH pfG				45	26½	26½	26½	+¼
37⅛	25½	PSvNM	2.92	8.9	10	379	33¼	32⅝	32¾	-⅜
38¾	26⅝	PSvEG	2.96	7.9	9	2645	37¾	37¼	37½	-⅛
51	35	PSEG pf	4.08	8.2		z80	50	50	50	-⅜
100	70	PSEG pf	8.16	8.7		z1300	94	94	94	-2
25⅞	18⅞	PSEG pf	2.17	8.7		4	25	25	25	-¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 29

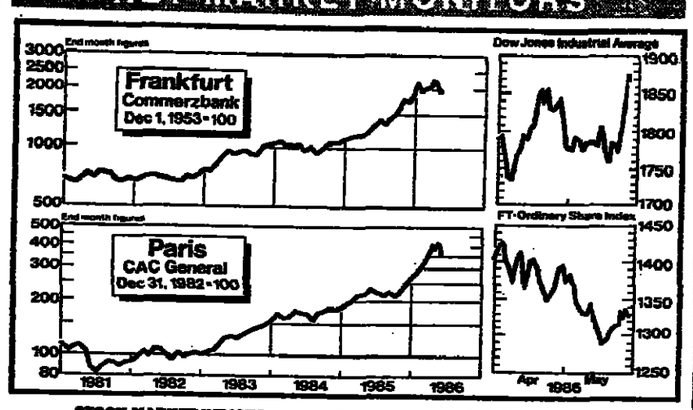
OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 45

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 29	Previous	Year ago
NEW YORK			
DJ Industrials	1,872.25*	1,878.28	1,302.98
DJ Transport	806.06*	810.84	629.98
DJ Utilities	188.22*	187.91	162.19
S&P Composite	245.58*	246.63	187.68
LONDON			
FT Ord	1,326.8	1,338.4	1,004.6
FT-SE 100	1,609.0	1,624.8	1,312.0
FT-A All-share	791.45	798.82	634.87
FT-A 500	872.24	880.35	697.40
FT Gold mines	222.2	222.9	461.4
FT-A Long gilt	9.15	9.09	10.74
TOKYO			
Nikkei	16,610.61	16,553.39	12,767.20
Tokyo SE	1,294.97	1,290.00	997.91
AUSTRALIA			
All Ord.	1,228.3	1,208.8	878.7
Metals & Mins.	513.7	508.4	543.8
AUSTRIA			
Credit Aktien	closed	120.97	97.89
BELGIUM			
Belgian SE	3,621.94	3,641.20	2,343.45
CANADA			
Toronto			
Metals & Minis	2,148.9*	2,147.0	2,003.0
Composite	3,098.5*	3,093.1	2,736.1
Montreal			
Portfolio	1,580.2*	1,580.87	133.78
DENMARK			
SE	n/a	229.61	191.43
FRANCE			
CAC Gen	351.7	351.8	230.2
Ind. Tendance	132.1	131.3	83.24
WEST GERMANY			
FAZ-Aktien	closed	639.31	448.19
Commerzbank	closed	1,933.4	1,310.1
HONG KONG			
Hang Seng	1,772.76	1,777.47	1,597.71
ITALY			
Banca Comm.	731.91	809.07	311.34
NETHERLANDS			
ANP-CBS Gen	288.4	287.5	210.8
ANP-CBS Ind	279.3	277.3	171.3
NORWAY			
Oslo SE	341.03	340.52	336.20
SINGAPORE			
Straits Times	645.33	635.11	818.92
SOUTH AFRICA			
JSE Golds	–	1,145.6	1,020.3
JSE Industrials	–	1,161.8	967.6
SPAIN			
Madrid SE	177.27	172.08	80.73
SWEDEN			
J & P	2,360.25	2,320.58	1,370.06
SWITZERLAND			
Swiss Bank Ind	567.8	568.9	431.1
WORLD	May 28	Prev	Year ago
MS Capital Int'l	319.4	317.1	210.2

COMMODITIES

(London)	May 29	Prev
Silver (spot fixing)	339.05p	340.30p
Copper (cash)	£945.50	£928.50
Coffee (May)	£1,827.50	£1,885.00
Oil (Brent blend)	$13.35	$13.70

GOLD (per ounce)

	May 29	Prev
London	$343.50	$342.75
Zürich	$342.60	$343.50
Paris (fixing)	$342.00	$342.73
Luxembourg	$342.60	$341.65
New York (June)	$343.60	$342.50

CURRENCIES

	US DOLLAR		STERLING	
(London)	May 29	Previous	May 29	Previous
$	–	–	1.4915	1.502
DM	2.3045	2.2795	3.4375	3.425
Yen	171.7	168.9	256.0	253.75
FFr	7.3375	7.2575	10.945	10.9
SFr	1.9075	1.883	2.845	2.8275
Guilder	2.591	2.561	3.865	3.845
Lira	1,580.0	1,561.0	2,356.5	2,349.5
BFr	46.95	46.55	70.05	69.9
C$	1.377	1.3755	2.0575	2.083

INTEREST RATES

Euro-currencies (3-month offered rate)	May 29	Prev
£	9 13/16	10
SFr	4 11/16	4 11/16
DM	4 1/16	4⅝
FFr	7⅛	7 7/16
FT London Interbank fixing (offered rate)		
3-month US$	7 9/16	7
6-month US$	7 7/16	7
US Fed Funds	6¾*	7
US 3-month CDs	6.7*	6.6
US 3-month T-bills	6.27*	6.165

US BONDS

Treasury

		May 29*		Prev	
		Price	Yield	Price	Yield
7¼	1988	99 11/32	7.33	99 25/32	7.176
7¾	1993	97 5/32	7.89	98 1/32	7.683
7⅞	1996	95 11/32	7.76	97 1/32	7.716
7¼	2016	95 25/32	7.615	97 1/32	7.446

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index	May 29* Day's change	Yield	Day's change
1–30	149.20	−0.57	7.8	+0.06
1–10	142.28	−0.03	7.65	+0.05
1– 3	134.76	−0.01	7.3	+0.01
3– 5	143.94	−0.32	7.89	+0.08
15–30	174.17	−1.54	8.29	+0.09

Source: Merrill Lynch

Corporate	May 29 Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	89¼	6.95	90	6.72
SCBT South Central				
10⅞ Jan 1993	105	8.61	106	8.04
Philbro-Sal				
8 April 1996	96.36	8.55	96.36	8.65
TRW				
8⅝ March 1996	100.953	8.6	101.61	8.5
Arco				
9⅞ March 2016	103¾	9.49	104	9.37
General Motors				
8¼ April 2016	91¼	8.97	93	8.79
Citicorp				
9⅞ March 2016	96¾	9.70	98	9.55

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	95–15	97–02	95–15	97–15
US Treasury Bills (IMM)				
$1m points of 100%				
June	93.73	93.84	93.72	93.83
Certificates of Deposit (IMM)				
$1m points of 100%				
June	93.27	93.29	93.27	93.30
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	92.94	93.01	92.94	93.05
20-year Notional Gilt				
£50,000 32nds of 100%				
June	124–04	125–06	124–03	124–24

* Latest available figures

WALL STREET

Data sap strength from rally

WEAKNESS in the bond market caught up with Wall Street stocks yesterday, *writes Terry Byland in New York.*

Bonds fell sharply on the news of a larger than expected increase in the April index of leading economic indicators, and the stock market fell from its newly established peaks as the buyers backed away.

At 3pm the Dow Jones industrial average was down 6.03 at 1,872.25.

The April indicators suggest the US economy is stronger than expected and thus weaken the chances that rates will either fall of their own accord or that the Fed will cut discount rates to stimulate economic activity. This week's surge in stock prices in part reflected interest rate hopes and had been ignoring danger signals from the bond market.

However, stock market turnover was down, and there was little selling pressure. Interest-rate sensitive stocks held fairly steady, and profit-taking came mostly in those manufacturing issues in favour earlier in the week.

IBM, after its stellar performance on Wednesday, eased 5⅝ to $150⅝ – still a substantial recovery from the testing levels of the low 140s. Merck, another recent favourite, gave up $1⅛ to $98¾ in thin trading. General Electric lost $1¼ to $79⅝. General Motors 5⅛ to $79⅝ and Minnesota Mining 5⅝ to $105¼.

In the aerospace sector Lockheed shed 5⅝ to $55 after trimming the workforce. Also weak were Boeing, down 5¼ at $57⅞, and General Dynamics, 5⅝ off at $77⅞. Morton Thiokol gained $4⅝ to $33⅞ after a Bear Stearns' analyst predicted a revival of the shuttle programme, which has been in abeyance since the Challenger disaster.

Morton makes the booster rockets for the shuttle. Rockwell, which is the leading contractor on the shuttle, as well as manufacturer of the capsules themselves, eased 5⅝ to $46⅞. With IBM calmer, and the Burroughs-Sperry merger squabble over, computer issues lacked fire. Sperry hung fire at $74⅝, and Burroughs edged up 5⅝ to $59.

But there was some demand for semiconductor issues on reports that the US and Japan had made progress towards a settlement of imports by Japanese manufacturers into the US market. One version of the pending accord suggests that Japanese firms might buy more US semiconductors as part of the deal. Motorola gained $1¼ to $45⅝, Texas Instruments $1⅝ to $136¼ and Advanced Micro Devices $½ to $26½.

Airline stocks, propelled this week by weakening prices for oil futures in New York, gave back a few cents without suffering significant selling. Pan Am, against the trend, edged up 5⅛ to $6½, but among the domestic airlines United slipped 5¼ to $61 and American $½ to $58⅝.

There was heavy trading of ITT stock, up 5⅝ at $49, on the board's decision to sell the majority holding in Abbey Life, the UK insurance group.

Activity in the food stock sector was reignited by a bid of $54 a share from Bear Stearns and Gruss for Anderson Clayton, which jumped $3⅝ to $55¼ in response – indicating that Wall Street hopes to see better terms.

After bidding for Thrifty Corp, stock in Pacific Lighting dipped $2⅝ to $48⅝. The move seemed to rule out a rumoured bid for Thrifty by Safeway Stores, which rose $1⅛ to $43⅝.

Also in the food sector McDonald's, the fast-food group, plunged $3⅛ to $103¼ after Merrill Lynch lowered its opinion of the stock. But brokerage comment worked well for PepsiCo, up $1½ at $34⅛ in heavy trading after a reportedly "upbeat" meeting with the Wall Street retail gurus.

With the bid from Citicorp expected to go ahead, stock in Quotron, the market electronic reporting firm, edged up 3⅛ to $18⅞. Banking stocks were generally quiet. American Express eased 5⅝ to $63.

In the credit market short-term rates moved up sharply after the April economic indicators seemed to reduce the chances of an early cut in federal discount rate. Three-month Treasury bills, at 6.26 per cent, gained 8 basis points overnight.

With a poor market reception for the Treasury sale of three-year securities also upsetting traders, bond prices plunged nearly two points.

TOKYO

Further day on range of peaks

BOLSTERED by the record overnight close on Wall Street, buying interest strengthened in Tokyo yesterday and the Nikkei stock average soared to another peak, *writes Shigeo Nishiwaki of Jiji Press.*

The upward trend tapered off in the afternoon, however, as investors became concerned about the high level of prices.

The Nikkei index put on 57.22 to 16,610.61, registering a sixth successive daily record. Trading volume remained high at 942m shares, although down from 1.22bn on Wednesday. Advances outpaced declines by 470 to 409, with 117 issues unchanged.

Low-priced, large-capital chemicals were the three most active stocks on expectations of healthier business performance because of lower materials costs.

Showa Denko topped the active list with 39.25m shares traded amid reports of speculative interest and firmed Y5 to Y395 after fluctuating between Y391 and Y418.

Sumitomo Chemical, second busiest with 37.55m shares, firmed Y6 to Y374 and Mitsui Toatsu, third with 32.03m shares, added Y27 to Y291.

Some market sources said these issues were in demand by money trusts and institutional investors. But the dominant view was that they were sought in rotation buying in view of low prices relative to recent populars such as stocks related to the Government's fiscal investment and loan programme and domestic demand expansion.

Large capital stocks were also bought, with Nippon Steel adding Y3 to Y166, Nippon Kokan Y4 to Y144 and Kawasaki Steel Y4 to Y164.

Elsewhere, high technology issues were popular. Ajinomoto rose Y150 to Y1,810 on buy orders for over 1.2m shares after reports of its development of artificial blood. Tokai Carbon climbed Y42 to Y613 on development of a new material with wide potential applications.

Nichirei advanced Y34 to Y729 on news that the processed foods manufacturer would venture into property business, while Nihon Nosan Kogyo put on Y41 to Y671 on talk of buying by speculators.

Shippings were mixed in active trading on news of the planned reorganisation of the ailing industry. Kawasaki Kisen shed Y5 to Y227, but Nitsui OSK Lines rose Y15 to Y255. Yamashita-Shinnihon Steamship was unchanged at Y160.

Among domestic demand-linked stocks, Mitsubishi Estate advanced Y30 to Y2,090 and Kajima Y33 to Y894. Blue-chip stocks remained out of favour.

Bonds prices continued to fall reflecting concern over the tighter supply-demand situation caused by the large issue amount of September government bonds. Another unfavourable factor was a slump in the US treasury bond market.

Bond futures for September contracts shed Y0.72 to Y101.45 on selling by banks. In cash trading, the yield on the 6.2 per cent government bond due in July 1995 jumped from 4.905 to 4.995 per cent after hitting 5.030 per cent. The yield on the 5.1 per cent government bond maturing in March 1996 climbed from 5.050 to 5.215 per cent. Institutional investors stayed on the sidelines.

LONDON

A MAJOR share-placing together with two smaller calls for cash dissatisfied London yesterday. The FT Ordinary share index ended 11.6 down at 1,326.8 while the more broadly based FT-SE index closed 15.8 at 1,609.0.

ITT's decision to sell its remaining stake in Abbey Life caused nervousness, and the drain on market resources also restrained interest in gilts.

The favourable effects of the Chancellor of the Exchequer's forecast on economic growth as well as good profit statements from industry leaders failed to restore investor confidence.

Chief price changes, Page 45; Details, Page 44; share information service, Page 42–43

SINGAPORE

A SIXTH successive advance was registered in Singapore where the Straits Times industrial index rose 10.22 to 645.53.

Continued buying was evident by account holders of the Central Provident Fund although trading was less active than of late with some investors moving to the sidelines, wary of the continuing rise in prices in a market that lacked fresh incentives.

Among actively traded stocks, TDM shed 3 cents to S$1.05, OCBC was unchanged at S$6.40 and Haw Par rose 10 cents to S$2.32.

AUSTRALIA

RENEWED takeover speculation surrounding BHP underpinned a broad advance in Sydney, where the All Ordinaries index rose 19.3 to 1,228.3.

BHP was briskly traded amid speculation of a further takeover offer from Bell Resources or Elders IXL intensified. The shares ended 36 cents higher at A$8.96, having peaked at A$9 with more than 1.8m shares changing hands.

Bell Resources gained 25 cents to A$4.40 and Bell Group put on 10 cents to A$8.60. In the other direction, Elders shed 3 cents to A$4.35.

HONG KONG

SELECTIVE bargain hunting, in the wake of the previous session's declines, failed to overcome a continuation of the downward drift in Hong Kong.

The Hang Seng index which gained more than 11 points after some early support, finished the day a net 4.71 lower at 1,772.76, in the wake of some late overseas sell orders.

Cheung Kong eased 20 cents to HK$20.40, Hongkong Land 10 cents to HK$15.20 and Jardine Matheson the same amount to HK$12.50.

CANADA

TRADING was sluggish in Toronto where stocks rose moderately. Industrials and metals and mines firmed while oils weakened.

Dome Petroleum, however, rose 15 cents to C$1.50 ahead of today's deadline for lenders to agree to the company's proposal for deferring substantial principal and interest payments on its debt.

SOUTH AFRICA

FIRMER BULLION prices failed to prevent a lacklustre performance in Johannesburg where gold shares closed mixed in cautious trading.

Driefontein gained 25 cents to R52.25 while Free State Consolidated ended down 25 cents at R39.5. Buffels was unchanged at R71.50.

EUROPE

Milan stays centre of attention

ITALY remained the centre of attention on the European bourses yesterday as foreign institutional support began to evaporate. Other bourses fared better, with Sweden managing to hit a record.

Milan suffered another bruising session with a 9.6 per cent drop in the Banca Commerciale index to 731.91, leaving the market down 20 per cent so far this week.

Trading was suspended in 20 stocks in what amounted to one of the largest single setbacks that the bourse has suffered in its 2½ year old bullrun. The retreat by foreign, particularly UK, investors combined with steady selling by small local participants, unnerved by rumours of a capital gains tax on share dealing.

Domestic institutions still remain one of the major props to the market.

Trading volume was about L1,000bn ($633m), or about three times the average daily level of recent months.

Fiat slumped L2,280 to L12,720, and Olivetti retreated L610 to L16,000. Among insurers Generali closed L1,100 lower at L157,500

Stockholm hit a peak on strong institutional buying against a background of very good current account figures. The Veckans Affarer All Share index jumped 20.1 to 811, and turnover surged to SKr 523m against Wednesday's SKr 425m.

Trading in Fermenta remained suspended pending a bourse announcement late in the day.

The rally in Madrid was led by communications. Telephone monopoly Telefonica jumped 9.50 percentage points to 205 per cent of nominal value.

Many foreign investors now consider Spain a suitable alternative to the Italian market although settlement problems, albeit on a more manageable scale than that experienced in Italy, exist.

Banks scored broad gains with Bilbao 49 points ahead at 880 per cent, Popular 45 points up at 1,065 per cent and Hispano finishing 11 points stronger at 410 per cent.

Paris, which started the week on a firm note, displayed the first signs of a technical recovery after two relatively volatile sessions.

Isolated foreign buying combined with the overnight record on Wall Street to buoy the broad market.

Nord-est, the diversified holding company, jumped 4 per cent – FFr 7.20 to FFr 186 – on 1985 results which showed a 29 per cent fall in profits, due mainly to the sale of securities and a higher dividend.

Amsterdam finished mixed to lower in thin trading. Internationals were easier as Philips fell 50 cents to Fl 56.50.

Photocopier maker Oce van der Grinten featured with a sharp Fl 14 jump to Fl 514 reflecting steady foreign interest in a thin market.

Brussels lost ground on uncertainty over the Government's austerity measures and growing public unrest.

ACEC fell BFr 30 to BFr 1,284 while GB Inno BM dropped BFr 200 to BFr 7,800. Kredietbank moved against the trend with its BFr 250 jump to BFr 16,025.

Zurich steadied despite the absence of many institutional and German buyers. Swissair still managed to rise SFr 35 to SFr 1,670, and Bank Leu, among lacklustre banks, added SFr 100 to SFr 3,650.

Oslo turned quiet ahead of the revised state budget today, amid conflicting opinions on whether a new share tax would be introduced.

FRANKFURT was closed yesterday for the Corpus Christi holiday.